Docket No.: PF454P2
(PATENT)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent Application of:
Gentz et al.

Application No.: 09/935,727 | Group Art Unit: 1646

Filed: August 24, 2001 | Examiner: E. O'Hara

For: Tumor Necrosis Factor Receptors 6 Alpha & 6 Beta

REQUEST FOR CORRECTION OF ERROR IN RECORDED COVER SHEET UNDER 37 C.F.R. § 3.34

Commissioner for Patents
Washington, DC 20231

Dear Sir:

Applicant hereby requests the correction of an error in a recorded cover sheet under 37 C.F.R. § 3.34. The recordation cover sheet filed on December 21, 2001 lists "2/19/01" instead of "12/19/01" as the signature date of the conveying party Guo-Liang Yu. This error is apparent when the cover sheet is compared with the assignment document. In support of this request, Applicants submit:

(1) a copy of the Recordation of Assignment Document recorded December 21, 2001 and mailed on February 14, 2002 (error marked in red),

(2) a copy of the Recordation Form Cover Sheet (error marked in red) filed December 21, 2001;

(3) a copy of the original assignment document (in three counterparts) filed on December 21, 2001; and

(4) a new Corrected Recordation Form Cover Sheet.

Applicant respectfully requests that the U.S. Patent and Trademark Office issue a corrected Notice of Recordation of Assignment Document.

Applicant additionally requests that all pertinent U.S. Patent and Trademark Office records relating to the Assignment of the subject application be changed to reflect this correction.

A fee of $40.00 as set forth in 37 C.F.R. §§3.41 and 1.21(h) is believed to be due in connection with this filing. However if applicants are in error, please charge any additional fee deemed necessary to Deposit Account No. 08-3425.

Dated: December 16, 2002

Respectfully submitted,

By

Kenley K. Hoover
Registration No.: 40,302
HUMAN GENOME SCIENCES, INC.
9410 Key West Avenue
Rockville, Maryland 20850
(301) 610-5771
Attorney for Applicant

Receipt #

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Gentz et al.

Application Serial No.: 09/935,727 Group Art Unit: 1646

Filed: August 24, 2001 Examiner: O'Hara, Eileen B.

For: Tumor Necrosis Factor Receptors 6Alpha & 6Beta Attorney Dkt. No.: PF454P2

REQUEST FOR CORRECTION OF FILING RECEIPT

Commissioner for Patents
Washington, D.C. 20231

Attn: Office of Initial Patent
Examination's Customer Service Center

Sir:

Applicants hereby request that a corrected Official Filing Receipt be issued and sent to the undersigned representative.

Specifically, under "Domestic Priority data as claimed by applicant":

In line 9 of the priority claim, please delete [60/131,270] and replace therefore --60/131,279--.

In support of the above request, a photocopy of the instant Official Filing Receipt is enclosed with the corrections noted in red as well as a copy of the Filing receipt from parent application 09/518,931 showing that the correct priority claim for that application includes a claim of priority to U.S. Patent Application Serial No. 60/131,279. It is requested that a corrected Official Filing Receipt be issued, and sent to the undersigned at the earliest possible time.

Also enclosed is a Supplemental Application Data Sheet reflecting the corrections noted above.

The U.S. Patent and Trademark Office is hereby authorized to charge any fee deficiency or credit any overpayment, to our Deposit Account No. 08-3425.

Respectfully submitted,

Date: December 16, 2002

Kenley K. Hoover
Registration No. 40,302
Attorney/Agent for Applicant

Human Genome Sciences, Inc.
9410 Key West Avenue
Rockville, MD 20850
(301) 510-5771

Enclosures: Duplicate filing receipt with corrections

FEE TRANSMITTAL for FY 2003

Patent fees are subject to annual revision.

Complete if Known	
Application Number	09/935,727-Conf. #3532
Filing Date	August 24, 2001
First Named Inventor	Reiner L. Gentz
Examiner Name	E. O'Hara
Group Art Unit	1646
Attorney Docket No.	PF454P2

☐ Applicant claims small entity status. See 37 CFR 1.27

TOTAL AMOUNT OF PAYMENT ($) 1146.00

METHOD OF PAYMENT *(check all that apply)*

☐ Check ☐ Credit Card ☐ Money Order ☐ Other ☐ None

☒ Deposit Account

Deposit Account Number: 08-3425

Deposit Account Name: Human Genome Sciences, Inc.

The Commissioner is hereby authorized to: *(check all that apply)*

☒ Charge fee(s) indicated below ☒ Credit any overpayments

☒ Charge any additional fee(s) during the pendency of this application

☐ Charge fee(s) indicated below, **except for the filing fee**

to the above-identified deposit account.

FEE CALCULATION

1. BASIC FILING FEE

Large Entity Fee Code	Large Entity Fee ($)	Small Entity Fee Code	Small Entity Fee ($)	Fee Description	Fee Paid
1001	740	2001	370	Utility filing fee	
1002	330	2002	165	Design filing fee	
1003	510	2003	255	Plant filing fee	
1004	740	2004	370	Reissue filing fee	
1005	160	2005	80	Provisional filing fee	

SUBTOTAL (1) ($) 0.00

2. EXTRA CLAIM FEES FOR UTILITY AND REISSUE

			Extra Claims		Fee from below		Fee Paid
Total Claims	80	-**48** =	32	x	18.00	=	576.00
Independent Claims	12	-**7** =	5	x	84.00	=	420.00
Multiple Dependent						=	

Large Entity Fee Code	Large Entity Fee ($)	Small Entity Fee Code	Small Entity Fee ($)	Fee Description
1202	18	2202	9	Claims in excess of 20
1201	84	2201	42	Independent claims in excess of 3
1203	280	2203	140	Multiple dependent claim, if not paid
1204	84	2204	42	** Reissue independent claims over original patent
1205	18	2205	9	** Reissue claims in excess of 20 and over original patent

SUBTOTAL (2) ($) 996.00

***or number previously paid, if greater; For Reissues, see above*

FEE CALCULATION (continued)

3. ADDITIONAL FEES

Large Entity Fee Code	Large Entity Fee ($)	Small Entity Fee Code	Small Entity Fee ($)	Fee Description	Fee Paid
1051	130	2051	65	Surcharge – late filing fee or oath	
1052	50	2052	25	Surcharge – late provisional filing fee or cover sheet.	
1053	130	1053	130	Non-English specification	
1812	2,520	1812	2,520	For filing a request for *ex parte* reexamination	
1804	920*	1804	920*	Requesting publication of SIR prior to Examiner action	
1805	1,840*	1805	1,840*	Requesting publication of SIR after Examiner action	
1251	110	2251	55	Extension for reply within first month	110.00
1252	400	2252	200	Extension for reply within second month	
1253	920	2253	460	Extension for reply within third month	
1254	1,440	2254	720	Extension for reply within fourth month	
1255	1,960	2255	980	Extension for reply within fifth month	
1401	320	2401	160	Notice of Appeal	
1402	320	2402	160	Filing a brief in support of an appeal	
1403	280	2403	140	Request for oral hearing	
1451	1,510	1451	1,510	Petition to institute a public use proceeding	
1452	110	2452	55	Petition to revive – unavoidable	
1453	1,280	2453	640	Petition to revive - unintentional	
1501	1,280	2501	640	Utility issue fee (or reissue)	
1502	460	2502	230	Design issue fee	
1503	620	2503	310	Plant issue fee	
1460	130	1460	130	Petitions to the Commissioner	
1807	50	1807	50	Processing fee under 37 CFR 1.17(q)	
1806	180	1806	180	Submission of Information Disclosure Stmt	
8021	40	8021	40	Recording each patent assignment per property (times number of properties)	40.00
1809	740	2809	370	Filing a submission after final rejection (37 CFR 1.129(a))	
1810	740	2810	370	For each additional invention to be examined (37CFR 1.129(b))	
1801	740	2801	370	Request for Continued Examination (RCE)	
1802	900	1802	900	Request for expedited examination of a design application	

Other fee (specify) ____________

*Reduced by Basic Filing Fee Paid **SUBTOTAL (3)** ($) 150.00

SUBMITTED BY

Complete *(if applicable)*

Name (Print/Type)	Kenley K. Hoover	*Registration No. (Attorney/Agent)*	40,302	*Telephone*	(301) 610-5771
Signature	Kenley K. Hoover			*Date*	12/16/02

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Gentz, et al.

Application Serial No.: 09/935,727

Group Art Unit: 1646

Filed: August 24, 2001

Examiner: O'Hara, Eileen B.

For: Tumor Necrosis Factor Receptors 6α & 6β

Atty Docket No.: PF454P2

PROVISIONAL ELECTION UNDER 37 C.F.R. § 1.143 WITH TRAVERSE AND SECOND PRELIMINARY AMENDMENT

Commissioner for Patents
Washington, D.C. 20231

Sir:

In response to the Restriction Requirement dated November 5, 2002, please consider the following provisional election, *with traverse*, and consider the remarks below. Applicants submit herewith:

(a) Version with Markings to Show Changes Made;

(b) Request for Correction of Filing Receipt;

(c) Copy of Official Filing Receipt with changes marked in red;

(d) Copy of the Official Filing Receipt of Application Serial No. 09/518,931;

(e) Supplemental Application Data Sheet;

(f) Request for Correction of Error In Recorded Cover Sheet Under 37 C.F.R. § 3.34;

(g) A copy of the Recordation of Assignment Document recorded December 21, 2001 and mailed on February 14, 2002 (error marked in red);

(h) A copy of the Recordation Form Cover Sheet (error marked in red) filed December 21, 2001;

(i) a copy of the original assignment document (in three counterparts) filed on December 21, 2001;

(j) a new Corrected Recordation Form Cover Sheet; and

(k) Information Disclosure Statement with Form PTO/SB/08 and copies of references CF-DN;

(l) Petition for One Month Extension of Time Under 37 C.F.R. § 1.136(a); and

(m) Fee Transmittal.

Please amend the application as follows:

In the Specification:

Please replace paragraph **[0001]** with the following amended paragraph:

[0001] This application claims the benefit of priority under 35 U.S.C. § 119(e) based on U.S. Provisional Application Serial Numbers 60/303,224 filed July 6, 2001; 60/252,131 filed November 21, 2000; and 60/227,598 filed August 25, 2000. This application is also a continuation-in-part of, and claims benefit of priority under 35 U.S.C. § 120, of U.S. Non-Provisional Patent Application Serial Number 09/518,931 filed March 3, 2000 which claims the benefit of priority under 35 U.S.C. § 119(e) based on U.S. Provisional Application Serial Numbers 60/168,235 filed December 1, 1999; 60/146,371 filed August 2, 1999; 60/131,964 filed April 30, 1999; 60/131,279 filed April 27, 1999; 60/124,092 filed March 12, 1999; and 60/121,774 filed March 4, 1999. U.S. Non-Provisional Patent Application Serial Number 09/518,931 is also a continuation-in-part of, and claims benefit of priority under 35 U.S.C. § 120, of U.S. Non-Provisional Patent Application Serial Number 09/006,352 filed January 13, 1998 which claims the benefit of priority under 35 U.S.C. § 119(e) based on U.S. Provisional Application Serial Number 60/035,496 filed January 14, 1997. This application is also a continuation in part and claims benefit of priority under 35 U.S.C. § 120, of U.S. Non-Provisional application 09/006,352 filed January 13, 1998. Each of the above U.S. Provisional and Non-Provisional Patent applications is hereby incorporated by reference in its entirety.

In the claims:

Please cancel claims 2-14, 16-25, 27-30, 32-35, and 37-48 without prejudice or disclaimer.

Please add the following new claims:

49. (New) An isolated antibody or fragment thereof that specifically binds to a protein consisting of amino acid residues 31 to 300 of SEQ ID NO:2.

50. (New) The antibody or fragment thereof of claim 49 that binds a protein consisting of a fragment of a protein consisting of amino acids residues 31 to 300 of SEQ ID NO:2 wherein said fragment is at least 30 amino acids in length.

51. (New) The antibody or fragment thereof of claim 49 that binds an epitope within the N-terminal 142 amino acids of the protein of SEQ ID NO:4.

52. (New) The antibody or fragment thereof of claim 49 wherein said protein bound by said antibody or fragment thereof is glycosylated.

53. (New) The antibody or fragment thereof of claim 49 which is a polyclonal antibody.

54. (New) The antibody or fragment thereof of claim 49 which is selected from the group consisting of:

(a) a chimeric antibody;

(b) a single chain antibody; and

(c) a Fab fragment.

55. (New) The antibody or fragment thereof of claim 49 which is labeled.

56. (New) The antibody or fragment thereof of claim 55 which is labeled with a label selected from the group consisting of:

(a) an enzyme;

(b) a fluorescent label;

(c) a luminescent label; and

(d) a bioluminescent label.

57. (New) The antibody or fragment thereof of claim 49 wherein said antibody or fragment thereof specifically binds to said protein in a Western blot.

58. (New) The antibody or fragment thereof of claim 49 wherein said antibody or fragment thereof specifically binds to said protein in an ELISA.

59. (New) An isolated cell that produces the antibody or fragment thereof of claim 49.

60. (New) A hybridoma that produces the antibody or fragment thereof of claim 49.

61. (New) A method of detecting TNFR-6 in a biological sample comprising:

(a) contacting the biological sample with the antibody or fragment thereof of claim 49; and

(b) detecting the TNFR-6 protein in the biological sample.

62. (New) The method of claim 61 wherein the antibody or fragment thereof is a polyclonal antibody.

63. (New) An isolated antibody or fragment thereof obtained from an animal that has been immunized with a protein selected from the group consisting of:

(a) a protein comprising the amino acid sequence of amino acid residues 31 to 300 of SEQ ID NO:2;

(b) a protein comprising the amino acid sequence of amino acid residues 31 to 283 of SEQ ID NO:2;

(c) a protein comprising the amino acid sequence of at least 30 contiguous amino acid residues of SEQ ID NO:2; and

(d) a protein comprising the amino acid sequence of at least 50 contiguous amino acid residues of SEQ ID NO:2;

wherein said antibody or fragment thereof specifically binds to said amino acid sequence.

64. (New) The antibody or fragment thereof of claim 63 obtained from an animal immunized with protein (a).

65. (New) The antibody or fragment thereof of claim 63 obtained from an animal immunized with protein (b).

66. (New) The antibody or fragment thereof of claim 63 obtained from an animal immunized with protein (c).

67. (New) The antibody or fragment thereof of claim 63 obtained from an animal immunized with protein (d).

68. (New) The antibody or fragment thereof of claim 63 which is a monoclonal antibody.

69. (New) The antibody or fragment thereof of claim 63 which is selected from the group consisting of:

(a) a chimeric antibody;
(b) a polyclonal antibody;
(c) a single chain antibody; and
(d) a Fab fragment.

70. (New) An isolated monoclonal antibody or fragment thereof that specifically binds to a protein consisting of amino acid residues 31 to 300 of SEQ ID NO:2.

71. (New) The antibody or fragment thereof of claim 70 that binds a protein consisting of a fragment of a protein consisting of amino acids residues 31 to 300 of SEQ ID NO:2 wherein said fragment is at least 30 amino acids in length.

72. (New) The antibody or fragment thereof of claim 70 that binds an epitope within the N-terminal 142 amino acids of the protein of SEQ ID NO:4.

73. (New) The antibody or fragment thereof of claim 70 wherein said protein bound by said antibody or fragment thereof is glycosylated.

74. (New) The antibody or fragment thereof of claim 70 which is selected from the group consisting of:

(a) a chimeric antibody;

(b) a single chain antibody; and

(c) a Fab fragment.

75. (New) The antibody or fragment thereof of claim 70 which is labeled.

76. (New) The antibody or fragment thereof of claim 75 which is labeled with a label selected from the group consisting of:

(a) an enzyme;

(b) a fluorescent label;

(c) a luminescent label; and

(d) a bioluminescent label.

77. (New) The antibody or fragment thereof of claim 70 wherein said antibody or fragment thereof specifically binds to said protein in a Western blot.

78. (New) The antibody or fragment thereof of claim 70 wherein said antibody or fragment thereof specifically binds to said protein in an ELISA.

79. (New) An isolated cell that produces the antibody or fragment thereof of claim 70.

80. (New) A hybridoma that produces the antibody or fragment thereof of claim 70.

81. (New) A method of detecting TNFR-6 in a biological sample comprising:

(a) contacting the biological sample with the antibody or fragment thereof of claim 70; and

(b) detecting the TNFR-6 in the biological sample.

82. (New) An isolated antibody or fragment thereof that specifically binds to a protein consisting of the mature form of the polypeptide encoded by the cDNA contained in ATCC Deposit Number 97810.

83. (New) The antibody or fragment thereof of claim 82 that binds a protein consisting of a fragment of a protein consisting of the mature form of the polypeptide encoded by the cDNA contained in ATCC Deposit Number 97810, wherein said fragment is at least 30 amino acids in length.

84. (New) The antibody or fragment thereof of claim 82 that binds an epitope within the N-terminal 142 amino acids of the protein encoded by the cDNA contained in ATCC Deposit Number 97809.

85. (New) The antibody or fragment thereof of claim 82 wherein said protein bound by said antibody or fragment thereof is glycosylated.

86. (New) The antibody or fragment thereof of claim 82 which is a polyclonal antibody.

87. (New) The antibody or fragment thereof of claim 82 which is selected from the group consisting of:

(a) a chimeric antibody;

(b) a single chain antibody; and

(c) a Fab fragment.

88. (New) The antibody or fragment thereof of claim 82 which is labeled.

89. (New) The antibody or fragment thereof of claim 88 which is labeled with a label selected from the group consisting of:

(a) an enzyme;

(b) a fluorescent label;

(c) a luminescent label; and

(d) a bioluminescent label.

90. (New) The antibody or fragment thereof of claim 82 wherein said antibody or fragment thereof specifically binds to said protein in a Western blot.

91. (New) The antibody or fragment thereof of claim 82 wherein said antibody or fragment thereof specifically binds to said protein in an ELISA.

92. (New) An isolated cell that produces the antibody or fragment thereof of claim 82.

93. (New) A hybridoma that produces the antibody or fragment thereof of claim 82.

94. (New) A method of detecting TNFR-6 protein in a biological sample comprising:

(a) contacting the biological sample with the antibody or fragment thereof of claim 82; and

(b) detecting the TNFR-6 protein in the biological sample.

95. (New) The method of claim 94 wherein the antibody or fragment thereof is a polyclonal antibody.

96. (New) An isolated antibody or fragment thereof obtained from an animal that has been immunized with a protein selected from the group consisting of:

(a) a protein comprising the amino acid sequence of the mature form of the polypeptide encoded by the cDNA contained in ATCC Deposit Number 97810;

(b) a protein comprising the amino acid sequence of the extracellular soluble domain of the polypeptide encoded by the cDNA contained in ATCC Deposit Number 97810;

(c) a protein comprising the amino acid sequence of at least 30 contiguous amino acid residues of the polypeptide encoded by the cDNA contained in ATCC Deposit Number 97810; and

(d) a protein comprising the amino acid sequence of at least 50 contiguous amino acid residues the polypeptide encoded by the cDNA contained in ATCC Deposit Number 97810;

wherein said antibody or fragment thereof specifically binds to said amino acid sequence.

97. (New) The antibody or fragment thereof of claim 96 obtained from an animal immunized with protein (a).

98. (New) The antibody or fragment thereof of claim 96 obtained from an animal immunized with protein (b).

99. (New) The antibody or fragment thereof of claim 96 obtained from an animal immunized with protein (c).

100. (New) The antibody or fragment thereof of claim 96 obtained from an animal immunized with protein (d).

101. (New) The antibody or fragment thereof of claim 96 which is a monoclonal antibody.

102. (New) The antibody or fragment thereof of claim 96 which is selected from the group consisting of:

(a) a chimeric antibody;

(b) a polyclonal antibody;

(c) a single chain antibody; and

(d) a Fab fragment.

103. (New) An isolated monoclonal antibody or fragment thereof that specifically binds to a protein consisting of the mature form of the polypeptide encoded by the cDNA contained in ATCC Deposit Number 97810.

104. (New) The antibody or fragment thereof of claim 103 that binds a protein consisting of a fragment of a protein consisting of the mature form of the polypeptide encoded by the cDNA contained in ATCC Deposit Number 97810, wherein said fragment is at least 30 amino acids in length.

105. (New) The antibody or fragment thereof of claim 103 that binds an epitope within the N-terminal 142 amino acids of the protein encoded by the cDNA contained in ATCC Deposit Number 97809.

106. (New) The antibody or fragment thereof of claim 103 wherein said protein bound by said antibody or fragment thereof is glycosylated.

107. (New) The antibody or fragment thereof of claim 103 which is selected from the group consisting of:

(a) a chimeric antibody;

(b) a single chain antibody; and

(c) a Fab fragment.

108. (New) The antibody or fragment thereof of claim 103 which is labeled.

109. (New) The antibody or fragment thereof of claim 108 which is labeled with a label selected from the group consisting of:

(a) an enzyme;

(b) a fluorescent label;

(c) a luminescent label; and

(d) a bioluminescent label.

110. (New) The antibody or fragment thereof of claim 103 wherein said antibody or fragment thereof specifically binds to said protein in a Western blot.

111. (New) The antibody or fragment thereof of claim 103 wherein said antibody or fragment thereof specifically binds to said protein in an ELISA.

112. (New) An isolated cell that produces the antibody or fragment thereof of claim 103.

113. (New) A hybridoma that produces the antibody or fragment thereof of claim 103.

114. (New) A method of detecting TNFR-6 protein in a biological sample comprising:

(a) contacting the biological sample with the antibody or fragment thereof of claim 103; and

(b) detecting the TNFR-6 protein in the biological sample.

115. (New) An isolated antibody or fragment thereof that specifically binds a TNFR-6 protein purified from a cell culture wherein said TNFR-6 protein is encoded by a polynucleotide encoding amino acids 1 to 300 of SEQ ID NO:2 operably associated with a regulatory sequence that controls expression f said polynucleotide.

116. (New) The antibody or fragment thereof of claim 115 that binds an epitope within the N-terminal 142 amino acids of the protein of SEQ ID NO:4.

117. (New) The antibody or fragment thereof of claim 115 which is a monoclonal antibody.

118. (New) The antibody or fragment thereof of claim 115 which is selected from the group consisting of:

(a) a chimeric antibody;

(b) a polyclonal antibody;

(c) a single chain antibody; and

(d) a Fab fragment.

119. (New) The antibody or fragment thereof of claim 115 wherein said antibody or fragment thereof specifically binds to said protein in a Western blot.

120. (New) The antibody or fragment thereof of claim 115 wherein said antibody or fragment thereof specifically binds to said protein in an ELISA.

121. (New) An isolated cell that produces the antibody or fragment thereof of claim 115.

122. (New) A hybridoma that produces the antibody or fragment thereof of claim 115.

123. (New) A method of detecting TNFR-6 protein in a biological sample comprising:

(a) contacting the biological sample with the antibody or fragment thereof of claim 115; and

(b) detecting the TNFR-6 protein in the biological sample.

REMARKS

Amendments to the Specification:

Applicants have corrected punctuation errors and a typographical error in paragraph **[0001]** of the specification. In particular, the Non-provisional Application Serial Number, "60/131,270" in line 8 of paragraph **[0001]** was inadvertently typed instead of "60/131,279." This error in the serial number is obviously a typographical error as Application Serial No. 09/518,931, the parent application of the present application, claims priority to Provisional Application Serial Number 60/131,279 filed April 27, 1999 and not to Provisional Application Serial Number 60/131,270. In support of this correction, Applicants submit herewith a copy of the Official Filing Receipt from parent application 09/518,931 showing the correct priority of said application. Thus, no new matter has been added by way of amendment. Applicants respectfully request that this amendment be entered.

Status of the Claims

Upon entry of these remarks claims 1,15, 26, 31, 36, and 49-123 will be pending. Claims 2-14, 16-25, 27-30, 32-35, and 37-48 have been cancelled without prejudice or disclaimer. New claims 49-123 have been added. Support for the newly added claims is found throughout the specification as filed, and no new matter had been introduced.

More particularly, support for new claims directed to antibodies of the invention can be found, for example, in paragraphs [0235] through [0351]. Support for polypeptides bound by the antibodies of the invention may be found, for example, in paragraphs [0034], [0158], [0159], and [0238]. Support for new claims directed to monoclonal and polyclonal antibodies and Fab fragments of antibodies can be found, for example, in paragraph [0235]. Support for new claims directed to labeled antibodies can be found, for example, in paragraph [0285]. Support for new claims directed to methods detecting TNFR-6α or TNFR-6β proteins can be found, for example, in paragraphs [0243], [0337], and Example 13. Support for antibodies of the invention obtained from an animal immunized with a protein of the invention, for hybridomas, and for cell lines producing antibodies of the invention can be found, for example, in paragraphs [0171] through [0175], [0247] through [0250], [0260] through [0280], and Example 11. Support for antibodies that detect proteins of the invention in ELISA and Western Blot may be found, for example, in paragraphs [0294] through [0298]. Thus, no new matter has been added by way of amendment.

Provisional Election

The Examiner has required an election under 35 U.S.C. §121 of one of Groups I - V (*See*, Paper No. 5, pages 2-3). Groups I – IV are drawn to methods of treating or preventing an inflammatory disease, an autoimmune disease, graft vs. host disease, or allergy or asthma respectively, comprising administering to animal a protein of the invention. Group V is drawn to nucleic acid molecules encoding polypeptides of the invention or fusion proteins thereof, vectors host cells and methods of producing the polypeptides encoded by the aforementioned nucleic acid molecules.

In order to be fully responsive, Applicants provisionally elect, *with traverse*, the subject matter of new claims 49 - 123 drawn to antibodies that specifically bind TNFR-6 proteins of the invention.

Applicants submit that the subject matter of new claims 49 - 123 while fully supported by the specification as filed does not fall within the scope of the Groups I – V defined by the Examiner in the Office Action, but nonetheless form a single group of claims (hereafter referred to as Group VI) organized according to the scheme set forth by the Examiner in the Restriction Requirement. Under M.P.E.P. § 818.02(a) though, an election may be made by the presentation of original claims. Applicants reserve the right to file one or more divisional applications directed to non-elected groups should the restriction requirement be made final.

Applicants respectfully traverse the restriction requirement as it applies to Groups I – V and newly presented group VI (see below). The Examiner asserts that the claimed methods are patentably distinct inventions. Even assuming, *arguendo*, the Examiner were correct, where two patentably distinct inventions appear in a single application, restriction remains improper unless it can be shown that the search and examination of both groups would entail a "serious burden". *See*, M.P.E.P. § 803.

With respect to Groups I-IV, the Examiner has not indicated that the different Groups have a different status in the art, or a different field of search, beyond the statement that the different diseases and disorders named in the claims have different etiologies and therefore have different considerations for enablement. In fact, the Examiner has classified each of Groups I–IV into the same class and subclass. M.P.E.P. § 808.02(C) states that:

> Where, however, the classification is the same and the field of search is the same and there is no clear indication of separate future classification and field of search, no reasons exist for dividing among related inventions.

Thus, the Examiner has not made a *prima facie* showing of serious burden with respect to Groups I-IV. Accordingly, Applicants respectfully request that the restriction requirement be withdrawn, at least as it applies to Groups I-IV.

Furthermore, Applicants submit that it would not be a serious burden, to search the claimed methods of treatment (Groups I- IV) with the claimed nucleic acid molecules and antibodies (Groups V and VI, respectively). The search for TNFR-6 polypeptides used in the methods of treatment, would clearly provide useful information for the polynucleotide and antibody claims. For example, in many publications, both the polypeptide sequence and the nucleotide sequence encoding said polypeptide are disclosed. Thus, the searches for polynucleotides and polypeptides commonly overlap. Moreover, a search for polypeptides of the invention would encompass publications in which antibodies specific for the polypeptides of the invention are also disclosed. Thus, the search and examination of the claimed methods, polynucleotides and antibodies would not entail a serious burden.

In view of the above, Applicants respectfully request that the restriction requirement as it applies to Groups I-VI, and especially as it applies to Groups I- IV, be withdrawn.

CONCLUSION

Applicants respectfully request that the remarks above be entered and made of record in the file history of the instant application. No fee is believed to be due in connection with this filing, however if applicants are in error, please charge any fee deemed necessary to Deposit Account No. 08-3425.

Respectfully submitted,

Date: December 16, 2002

Kenley K. Hoover Reg. No. 40,302
Attorney for Applicants

Human Genome Sciences, Inc.
9410 Key West Avenue
Rockville, Maryland 20850
301-610-5771 (telephone)

KKH/MS/vsr

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Gentz, et al.

Application Serial No.: 09/935,727

Group Art Unit: 1646

Filed: August 24, 2001

Examiner: O'Hara, Eileen B.

For: Tumor Necrosis Factor Receptors 6α & 6β

Atty Docket No.: PF454P2

VERSION WITH MARKINGS TO SHOW CHANGES MADE

Amendments are shown in bold with insertions indicated with underlining and deletions indicated by strikeout. The application has been amended as follows:

In the Specification:

Paragraph **[0001]** was replaced with the following amended paragraph:

[0001] This application claims the benefit of priority under 35 U.S.C. § 119(e) based on U.S. Provisional Application Serial Numbers 60/303,224 filed July 6, 2001; 60/252,131 filed November 21, 2000; and 60/227,598 filed August 25, 2000. This application is also a continuation-in-part of, and claims benefit of priority under 35 U.S.C. § 120**,** of U.S. Non-Provisional Patent Application Serial Number 09/518,931 filed March 3, 2000 which claims the benefit of priority under 35 U.S.C. § 119(e) based on U.S. Provisional Application Serial Numbers 60/168,235 filed December 1, 1999; 60/146,371 filed August 2, 1999; 60/131,964 filed April 30, 1999; **~~60/131,270~~ <u>60/131,279</u>** filed April 27, 1999; 60/124,092 filed March 12, 1999; and 60/121,774 filed March 4, 1999. U.S. Non-Provisional Patent Application Serial Number 09/518,931 is also a continuation-in-part of, and claims benefit of priority under 35 U.S.C. § 120**,** of U.S. Non-Provisional Patent Application Serial Number 09/006,352 filed January 13, 1998 which claims the benefit of priority under 35 U.S.C. § 119(e) based on U.S. Provisional Application Serial Number 60/035,496 filed January 14, 1997. This application is also a continuation in part and claims benefit of priority under 35 U.S.C. § 120**,** of U.S. Non-Provisional application 09/006,352 filed January 13, 1998. Each of the above U.S. Provisional and Non-Provisional Patent applications is hereby incorporated by reference in its entirety.

In the Claims:

Claims 2-14, 16-25, 27-30, 32-35, and 37-48 have been cancelled without prejudice or disclaimer.

New claims 49 to 123 have been added.

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent Application of:
Gentz et al.

Docket No.: PF454P2

Application No.: 09/935,727

Group Art Unit: 1646

Filed: August 24, 2001

Examiner: E. O'Hara

For: Tumor Necrosis Factor Receptors 6 Alpha & 6 Beta

PETITION FOR EXTENSION OF TIME UNDER 37 C.F.R. § 1.136(a)

Commissioner for Patents
Washington, DC 20231

Dear Sir:

Applicants hereby petition for a one month extension of time to and including January 5, 2003 to respond to the Office Action mailed November 5, 2002.

Please charge our Deposit Account No. 08-3425 in the amount of $110.00 covering the fee set forth in 37 CFR 1.17(a)(1). The Commissioner is also authorized to charge any additional required fee or credit any overpayment in connection with this submission to our Deposit Account. In the event that a further petition for an extension of time is required to be submitted at this time, Applicants hereby petition for an extension of time for as many months as are required to ensure that the above-identified application does not become abandoned.

Dated: December 16, 2002

Respectfully submitted,

By [signature]
Kenley K. Hoover
Registration No.: 40,302
HUMAN GENOME SCIENCES, INC.
9410 Key West Avenue
Rockville, Maryland 20850
(301) 610-5771
Attorney for Applicant

12/17/2002 SSANDARA 00000004 083425 09935727
03 FC:1251 110.00 CH

Substitute for form 1449A/PTO

INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(use as many sheets as necessary)

Sheet	1	of	7

Complete if Known	
Application Number	09/935,727
Filing Date	August 24, 2001
First Named Inventor	Reiner L. Gentz
Art Unit	1646
Examiner Name	E. O'Hara
Attorney Docket Number	PF454P2

U.S. PATENT DOCUMENTS

Examiner Initials	Cite No. [1]	U.S. Patent Document Number	Kind Code[2] (if known)	Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear
	AA	5,741,667		Goeddel et al.	04-21-98	
	AB	5,885,800		Emery et al.	03-23-99	

FOREIGN PATENT DOCUMENTS

Examiner Initials	Cite No. [1]	Office[3]	Foreign Patent Document Number4	Kind Code[5] (if known)	Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear	T[6]
	AC		WO95/33051		Genentech Inc., et al.	12-07-95		
	AD		WO96/34095		Human Genome Sciences, Inc. et al.	10-31-96		
	AE		WO98/30694		Human Genome Sciences, Inc., et al.	07-16-98		
	AF		EP 0 861 850		SmithKline Beecham Corporation	09-02-98		

OTHER REFERENCES - NON PATENT LITERATURE DOCUMENTS

Examiner Initials	Cite No. [1]	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.	T[6]
	AG	Genbank Accession Number AA025673 (08-16-96)	
	AH	KWON et al., *The Journal of Biological Chemistry*, 272:14272-14276 (1997)	
	AI	GenBank Accession Number W67560 (10-16-96)	
	AJ	GenBank Accession Number M91489 (10-29-92)	
	AK	GIESER et al., *Genomics*, 13(3):873-876 (7-92)	
	AL	HILLER et al., *Genome Research*, 6:807-828 (1996)	
	AM	PITTI et al., *Nature*, 396:699-703 (12-17-98)	
	AN	International Search Report mailed July 11, 2000, in corresponding International Application No. PCT/US00/05686	

Examiner	Date Considered

duplicate

Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

[1] Unique citation designation number. [2] See attached Kinds of U.S. Patent Documents. [3] Enter Office that issued the document, by the two-letter code (WIP Standard ST.3). [4] For Japanese patent documents, the indication of the year of the reign of the Emperor must precede the serial number of the patent document. [5] Kind of document by the appropriate symbols as indicated on the document under WIPO Standard ST.16 if possible. [6] Applicant is to place a check mark here if English language Translation is attached.

Substitute for form 1449A/PTO				Complete if Known	
INFORMATION DISCLOSURE STATEMENT BY APPLICANT				Application Number	09/935,727
				Filing Date	August 24, 2001
				First Named Inventor	Reiner L. Gentz
				Art Unit	1646
(use as many sheets as necessary)				Examiner Name	E. O'Hara
Sheet	2	of	7	Attorney Docket Number	PF454P2

U.S. PATENT DOCUMENTS

Examiner Initials	Cite No. 1	U.S. Patent Document Number	Kind Code2 (if known)	Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear
	AO	5,632,994		REED ET AL.	05-27-97	
	AP	5,874,546		NAGATA ET AL.	02-23-99	
	AQ	5,652,210		BARR ET AL.	07-29-97	
	AR	5,663,070		BARR ET AL.	09-02-97	
	AS	5,620,889		LYNCH ET AL.	04-15-97	
	AT	5,830,469		LYNCH ET AL.	11-03-98	

FOREIGN PATENT DOCUMENTS

Examiner Initials	Cite No. 1	Office3	Number4	Kind Code5 (if known)	Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear	T6
	AU		WO00/46247		MERCK & CO., INC.	08-10-00		
	AV		WO00/34782		ELI LILLY AND COMPANY	06-15-00		
	AW		WO99/14330		GENENTECH, INC.	03-25-99		
	AX		WO00/53755		GENENTECH, INC.	09-14-00		
	AY		WO00/53223		HUMAN GENOME SCIENCES, INC.	09-14-00		
	AZ		WO00/32221		GENENTECH, INC.	06-08-00		
	BA		WO00/53758		GENENTECH, INC.	09-14-00		
	BB		WO00/37094		ELI LILLY AND COMPANY	06-29-00		
	BC		WO00/58465		ELI LILLY AND COMPANY	10-05-00		
	BD		WO0058466		ELI LILLY AND COMPANY	10-05-00		
	BE		WO00/01817		SCHERING CORPORATION	01-13-00		
	BF		WO99/07738		REGENERON PHAMACEUTICALS, INC.	02-18-99		
	BG		WO99/04001		ZYMOGENETICS, INC.	01-28-99		
	BH		WO99/26977		BIOGEN, INC.	11-24-98		
	BI		WO99/46376		BASF AKTIENGESELLSCHAFT	09-16-99		
	BJ		WO98/56892		HUMAN GENOME SCIENCES, INC.	12-17-98		
	BK		WO99/33980		CHIRON CORPORATION	07-08-99		
	BL		WO99/11791		UNIVERSITY OF WASHINGTON	03-11-99		
	BM		WO99/31128		INCYTE PHARMACEUTICALS, INC.	06-24-99		
	BN		WO00/60079		CHIRON CORPORATION	10-12-00		
	BO		WO99/50413		ELI LILLY AND COMPANY	10-07-99		

Substitute for form 1449A/PTO				Complete if Known	
INFORMATION DISCLOSURE STATEMENT BY APPLICANT				Application Number	09/935,727
				Filing Date	August 24, 2001
				First Named Inventor	Reiner L. Gentz
				Art Unit	1646
(use as many sheets as necessary)				Examiner Name	E. O'Hara
Sheet	3	of	7	Attorney Docket Number	PF454P2

OTHER REFERENCES - NON PATENT LITERATURE DOCUMENTS

Examiner Initials	Cite No.[1]	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.	T[6]
	BP	KIKUNO et al., "Prediction of the Coding Sequences of Unidentified Human Genes, XIV, the Complete Sequences of 100 New cDNA Clones from Brain Which Code for Large Proteins *in vitro*," DNA Research 6:197-205 (1999)	
	BQ	BAI et al., "Overexpression of M68/DcR3 in human gastrointestinal tract tumors independent of gene amplification and its location in a four-gene cluster," PNAS 97(3):1230-1235 (02-01-00)	
	BR	YU et al., "A Newly Identified Member of Tumor Necrosis Factor Receptor Superfamily (TR6) Suppresses LIGHT-mediated Apoptosis," The Journal of Biological Chemistry 274(20):13733-13736 (05-14-99)	
	BS	RABINOWICH et al., "Lymphocyte Apoptosis Induced by Fas Ligand-expressing Ovarian Carcinoma Cells," J. Clin. Invest. 101(11):2579-2588 (06-98)	
	BT	WALKER et al., "Tumor expression of Fas ligand (CD95L) and the consequences," Current Opinion in Immunology 10:564-572 (1998)	
	BU	GRATAS, et al., "Up-Regulation of Fas (APO-1/CD95) Ligand and Down-Regulation of Fas Expression in Human Esophageal Cancer," Cancer Research 58:2057-2062 (05-15-98)	
	BV	BUZYN et al., "Membrane-Bound Fas (Apo-1/CD95) Ligand on Leukemic Cells: A Mechanism of Tumor Immune Escape in Leukemia Patients," Blood 94(9):3135-3140 (11-01-99)	

Examiner	Date Considered

Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

[1] Unique citation designation number. [2] See attached Kinds of U.S. Patent Documents. [3] Enter Office that issued the document, by the two-letter code (WIP Standard ST.3). [4] For Japanese patent documents, the indication of the year of the reign of the Emperor must precede the serial number of the patent document. [5] Kind of document by the appropriate symbols as indicated on the document under WIPO Standard ST.16 if possible. [6] Applicant is to place a check mark here if English language Translation is attached.

PTO/SB/08A (10-01)
Approved for use through 10/31/2002.OMB 0651-0031
U. S. Patent and Trademark Office: U.S. DEPARTMENT OF COMMERCE
Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it contains a valid OMB control number.

Substitute for form 1449A/PTO

INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(use as many sheets as necessary)

Sheet	4	of	7

Complete if Known	
Application Number	09/935,727
Filing Date	August 24, 2001
First Named Inventor	Reiner L. Gentz
Art Unit	1646
Examiner Name	E. O'Hara
Attorney Docket Number	PF454P2

U.S. PATENT DOCUMENTS

Examiner Initials	Cite No.[1]	U.S. Patent Document Number	Kind Code[2] (if known)	Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear

FOREIGN PATENT DOCUMENTS

Examiner Initials	Cite No.[1]	Office[3]	Number4	Kind Code[5] (if known)	Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear	T[6]
	BW		WO00/73452		Genentech et al.	12-7-2000		
	BX		WO00/75316		Genentech et al.	12-14-2000		
	BY		WO01/18041		Eli Lilly and Company et al.	3-15-2001		
	BZ		WO01/18055		Eli Lilly and Company et al.	3-15-2001		
	CA		WO01/10908		Amgen Inc., et al.	2-15-2001		
	CB		WO01/18202		Eli Lilly and Company et al.	3-15-2001		

OTHER REFERENCES - NON PATENT LITERATURE DOCUMENTS

Examiner Initials	Cite No.[1]	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.	T[6]
	CC	DUESTERHOEFT ET AL., Genbank Accession Number AL157435, 2-15-2000.	

Examiner	**Date Considered**

Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

[1] Unique citation designation number. [2] See attached Kinds of U.S. Patent Documents. [3] Enter Office that issued the document, by the two-letter code (WIP Standard ST.3). [4] For Japanese patent documents, the indication of the year of the reign of the Emperor must precede the serial number of the patent document. [5] Kind of document by the appropriate symbols as indicated on the document under WIPO Standard ST.16 if possible. [6] Applicant is to place a check mark here if English language Translation is attached.

Burden Hour Statement: This form is estimated to take 2.0 hours to complete. Time will vary depending upon the needs of the individual case. Any comments on the amount of time you are required to complete this form should be sent to the Chief Information Officer, Patent and Trademark Office, Washington, DC 20231.

OIPE JC76
DEC 16 2002
PATENT & TRADEMARK OFFICE

PTO/SB/08A (10-01)
Approved for use through 10/31/2002.OMB 0651-0031
U. S. Patent and Trademark Office: U.S. DEPARTMENT OF COMMERCE
Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it contains a valid OMB control number.

Substitute for form 1449A/PTO

INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(use as many sheets as necessary)

Sheet 5 of 7

Complete if Known	
Application Number	09/935,727
Filing Date	August 24, 2001
First Named Inventor	Reiner L. Gentz
Art Unit	1646
Examiner Name	E. O'Hara
Attorney Docket Number	PF454P2

U.S. PATENT DOCUMENTS

Examiner Initials	Cite No. [1]	U.S. Patent Document Number	Kind Code[2] (if known)	Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear

FOREIGN PATENT DOCUMENTS

Examiner Initials	Cite No. [1]	Office[3]	Number4	Kind Code[5] (if known)	Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear	T[6]

OTHER REFERENCES - NON PATENT LITERATURE DOCUMENTS

Examiner Initials	Cite No. [1]	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.	T[6]
	CD	ZHANG et al., (June 2001). Modulation of T-cell Responses to Alloantigens by TR6/DcR3. *The Journal of Clinical Investigation* 107(11):1459-1468.	
	CE	CONNOLLY et al., (2001). In Vivo Inhibition of Fas-Ligand-Mediated Killing by TR6, a Fas Ligand Decoy Receptor. *The Journal of Pharmacology and Experimental Therapeutics* 298(1):25-33.	

Examiner	Date Considered

Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

[1] Unique citation designation number. [2] See attached Kinds of U.S. Patent Documents. [3] Enter Office that issued the document, by the two-letter code (WIP Standard ST.3). [4] For Japanese patent documents, the indication of the year of the reign of the Emperor must precede the serial number of the patent document. [5] Kind of document by the appropriate symbols as indicated on the document under WIPO Standard ST.16 if possible. [6] Applicant is to place a check mark here if English language Translation is attached.

Substitute for form 1449A/PTO

INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(use as many sheets as necessary)

Sheet 6 of 7

Complete if Known	
Application Number	09/935,727
Filing Date	August 24, 2001
First Named Inventor	Reiner L. Gentz
Art Unit	1646
Examiner Name	E. O'Hara
Attorney Docket Number	PF454P2

U.S. PATENT DOCUMENTS

Examiner Initials*	Cite No.[1]	Document Number Number-Kind Code[2] *(if known)*	Publication Date MM-DD-YYYY	Name of Patentee or Applicant of Cited Document	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear
	CF	09/912,293-	NOT PUBLISHED	ROSEN et al.	Pages 1-75 (pages 1 & 2 partially redacted); portion of Table 2; and SEQ ID NOS: 29783 and 63238
	CG	6,297,367-B1	10-02-2001	TRIBOULEY	
	CH	5,985,614	11-16-1999	ROSEN et al.	
	CI	4,847,325	07-11-1989	SHADLE et al.	

FOREIGN PATENT DOCUMENTS

Examiner Initials*	Cite No.[1]	Foreign Patent Document Country Code[3]-Number[4]-Kind Code[5] *(if known)*	Publication Date MM-DD-YYYY	Name of Patentee or Applicant of Cited Document	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear	T[6]
	CJ	WO00/52028-A1	09/08/2000	HUMAN GENOME SCIENCES, INC.		
	CK	WO01/22920-A2	04/05/2001	HUMAN GENOME SCIENCES, INC.	pages 1-11, 28, 309-334, 358-408, 545-6, 1769 to 2227 and SEQ ID NOS: 227 and 4504	
	CL	WO01/28582-A3	04/26/2001	ELI LILLY AND COMPANY		
	CM	WO01/42463-A1	06/14/2001	ELI LILLY AND COMPANY		
	CN	WO01/42434-A1	06/14/2001	MERCK & CO., INC.		
	CO	WO01/68912-A3	09/20/2001	EPIGENOMICS AG		
	CP	WO02/00677-A1	01/03/2002	HUMAN GENOME SCIENCES, INC.	pages 1-16, 950-957, 1480-1483, 1604, 1716-1726, 2377, 2401- end of specification; and SEQ ID NOS: 937 and 3112	
	CQ	WO02/000928-A3	01/03/2002	EPIGENOMICS AG	Abstract & Int'l Search Report	
	CR	WO02/09668-A2	02/07/2002	ELI LILLY AND COMPANY		
	CS	WO02/060317-A2	08/08/2002	CORIXA CORPORATION		
	CT	WO02/060947-A3	08/08/2002	ELI LILLY AND COMPANY		
	CU	WO02/060949-A3	08/08/2002	ELI LILLY AND COMPANY		
	CV	WO02/078524-A2	10/10/2002	ZYCOS, INC.		

*EXAMINER: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant

[1] Applicant's unique citation designation number (optional). [2] See attached Kinds Codes of USPTO Patent Documents at www.uspto.gov or MPEP 901.04. [3] Enter Office that issued the document, by the two-letter code (WIPO Standard ST.3). [4] For Japanese patent documents, the indication of the year of the reign of the Emperor must precede the application number of the patent document. [5] Kind of document by the appropriate symbols as indicated on the document under WIPO Standard ST. 16 if possible. [6] Applicant is to place a check mark here if English language Translation is attached.

Substitute for form 1449A/PTO				Complete if Known	
INFORMATION DISCLOSURE STATEMENT BY APPLICANT				Application Number	09/935,727
				Filing Date	August 24, 2001
				First Named Inventor	Reiner L. Gentz
				Art Unit	1646
(use as many sheets as necessary)				Examiner Name	E. O'Hara
Sheet	7	of	7	Attorney Docket Number	PF454P2

OTHER PRIOR ART – NON PATENT LITERATURE DOCUMENTS			
Examiner Initials*	Cite No.[1]	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc), date, page(s), volume-issue number(s), publisher, city and/or country where published.	T[2]
	CW	YU et al., GenBank Accession No. AF134240, May 11, 1999.	
	CX	ASHKENAZI and DIXIT, "Apoptosis control by death and decoy receptors," Curr. Opin. Cell Biol. 11 (2), 255-260 (1999).	
	CY	SKOLNICK and FETROW, "From genes to protein structure and function:...," Trends in Biotechnology 18, 34-39 (January 2000)	
	CZ	KIKUNO et al., PIR Accession No. T45294, January 31, 2000.	
	DA	BAI et al., GenBank Accession No. AF217793, February 12, 2000.	
	DB	BAI et al., GenBank Accession No. AF217794, February 12, 2000.	
	DC	BAI et al., GenBank Accession No. AF217796, February 21, 2000.	
	DD	YAN et al., "Two-Amino Acid Molecular Switch in an Epithelial Morphogen...," Science 290, 523-527, (October 20, 2000).	
	DE	OHSHIMA et al., "Amplification and expression of a decoy receptor for Fas ligand...," Cancer Letters 160, 89-97, (2000).	
	DF	LOCKSLEY et al., "The TNF and TNF Receptor Superfamilies: Integrating Mammalian Biology," Cell 104, 487-501, (February 23, 2001).	
	DG	WALLIS, GenBank Accession No. AL353715, April 18, 2001.	
	DH	MATTHEWS, GenBank Accession No. AL121845, July 6, 2001.	
	DI	PITTI et al., GenBank Accession No. NM_032945, July 6, 2001.	
	DJ	PITTI et al., GenBank Accession No. NM_032957, July 17, 2001.	
	DK	ADAMS et al., "Initial assessment of human gene diversity and expression patterns," Nature 377 (6547 Supp) 3-174, (September 28, 1995).	
	DL	ADAMS et al., Genbank Accession No. AA325843, April 20, 1997.	
	DM	HILLIER et al., GenBank Accession No. AA025672, February 1, 1997.	
	DN	HILLIER et al., GenBank Accession No. AA155646, November 8, 1997.	

*EXAMINER: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

[1]Applicant's unique citation designation number (optional). [2]Applicant is to place a check mark here if English language Translation is attached.

Examiner Signature		Date Considered	

discontinued operations. In 2001, the Company did not have any activity in discontinued operations. In 2000, the Company experienced a loss of $262,000 in discontinued operations, net of income taxes.

As of December 31, 2001 and 2000, the net liabilities of discontinued operations of $504,000 and $755,000 relate to the telecommunications divisions, respectively. This relates to the potential environmental clean up associated with InteliData's former New Milford, Connecticut property. In January 2000, InteliData sold the New Milford, Connecticut building, its only remaining asset in discontinued operations of the telecommunications division. In the context of this sale, InteliData agreed to undertake limited remediation of the site in accordance with applicable state law. The subject site is not a federal or state Superfund site and InteliData has not been named a "potentially responsible party" at the site. The remediation plan agreed to with the purchaser allows InteliData to use engineering and institutional controls (e.g., deed restrictions) to minimize the extent and costs of the remediation. Further, at the time of the sale of the facility, InteliData established a $200,000 escrow account for certain investigation/remediation costs. As of December 31, 2001, this escrow account balance remained at $200,000. Moreover, InteliData has obtained environmental insurance to pay for remediation costs up to $6,600,000 in excess of a retained exposure limit of $600,000. InteliData has recorded its estimated liability related to this matter and other costs related to the discontinued operations.

The Company has engaged a legal firm and an environmental specialist firm to represent InteliData regarding this matter. The timing of the ultimate resolution of this matter is estimated to be from three to five years under the Company's proposed compliance plan, which involves a natural attenuation and periodic compliance monitoring approach. Management does not believe that the resolution of this matter will be likely to have a material adverse effect on the Company's financial condition or results of operations.

Income (Loss) from Continuing and Discontinued Operations, Weighted-Average Common Shares Outstanding and Basic and Diluted Income (Loss) Per Common Share

The basic and diluted weighted-average common shares outstanding for the year ended December 31, 2001 was 45,897,000, compared to a basic weighted-average common shares outstanding of 38,237,000 and a diluted weighted-average common shares outstanding of 40,843,000 for the year ended December 31, 2000. The increase resulted primarily from the exercise of stock options and warrants, stock purchases under the Employee Stock Purchase Plan, the granting of certain stock awards, the issuance of 6,900,000 shares for the acquisition of Home Account, and the issuance of the 2,863,000 shares for the private placement during 2001.

Income (loss) from continuing operations were $(30,041,000) and $23,920,000 for the years ended December 31, 2001 and 2000, while the gain (loss) from discontinued operations were $0 and $(262,000) for 2001 and 2000, respectively. Net income (loss) were $(30,041,000) and $23,658,000 for 2001 and 2000, respectively.

As a result of the foregoing, basic and diluted earnings per common share for 2001 was a net loss of $(0.65). Basic earnings per common share for 2000 were income of $0.63 from continuing operations, loss of $(0.01) from discontinued operations, and net income of $0.62. Diluted earnings per common share for 2000 were income of $0.59 from continuing operations, loss of $(0.01) from discontinued operations, and income of $0.58 for net income.

Results of Operations - Years Ended December 31, 2000 and 1999

As discussed in the previous section, the Company discontinued the Caller ID leasing business in 2000. Accordingly, the results of operations from leasing activities have been reported as discontinued operations and prior year results have been appropriately reclassified.

Revenues

The Company's revenues were $5,101,000 in 2000 compared to $6,493,000 in 1999, a decrease of $1,392,000. The decrease was a result of a decrease in software revenue of $1,479,000, an increase in consulting and services revenues of $1,892,000, and an expected reduction from residual royalty arrangements relating to the sale of bill-payment software to VISA Interactive. During 2000, software revenues contributed $673,000, consulting and services contributed $3,884,000 and royalty arrangements contributed $544,000. During 1999, the

Company earned $2,152,000 from software sales, $1,992,000 from consulting and services, and $2,349,000 from royalty arrangements.

The decrease in software revenue was due to several large systems sold in the beginning of 1999, while the systems sold in 2000 occurred in the latter part of the year. As a result, the Company was able to perform on and earn the revenue associated with the 1999 sales during 1999. Some revenue related to the 2000 sales was deferred and was recognized in 2001 as the systems deliveries were completed and accounting criteria were met. Meanwhile, the increase in consulting and services revenues from 1999 to 2000 was due to the increases in the Company's recurring revenue from fees associated with its hosting and service bureau operations.

During 2000, the Company continued to sell software that assists FI's in connecting customers who bank via the Internet and to sell outsourced solutions to FI's in the form of a service bureau and Internet hosting services.

During 2000, US West notified the Company that US West would no longer permit InteliData to include the lease billing on the US West telephone bills. As such, InteliData has discontinued billing its legacy customers for Caller ID adjunct unit leases in the US West telephone service territory, because the cost of individually billing and pursuing collections for the leases would have made it impractical and uneconomical for the Company to continue the lease program. The leasing business segment was discontinued and, accordingly has been reported as discontinued operations.

As anticipated, the revenue for 2000 was negatively affected by the decline and the cessation of the royalty revenue stream from the sale of bill-payment software to VISA Interactive. The expected cessation was a significant factor when comparing 2000 period results with prior periods. In summary, the revenues from royalties were $544,000 and $2,349,000 for the years ended December 31, 2000 and 1999, respectively. The difference of $1,805,000 for the year is due to the decline in the revenue stream, as previously disclosed, and to the final cessation of the royalty streams. The significant decrease from period to period was also attributable to royalties from the sale of bill-payment software to VISA Interactive that occurred in 1995 and that was amended by the 1997 sale of VISA Interactive to Integrion. The $5,000,000 royalty pre-payment made in 1997 was fully recognized as revenue through the third quarter of 1999.

Cost of Revenues and Gross Profit

The Company's cost of revenues increased $977,000 to $2,720,000 in 2000 from $1,743,000 in 1999. The increase was primarily due to a change in product mix, and an increase in cost of revenues for software and services.

Gross margin percentages will vary based upon the revenue mix between software sales, service revenues and outsourced services, and based upon the composition of services revenues earned during the period. As the Company modifies its business model, cost of sales should increase based on the higher costs associated with the operations of the service bureau and hosting businesses.

General and Administrative

General and administrative expenses increased $253,000 to $6,455,000 in 2000 from $6,202,000 in 1999. The increase was primarily attributable to additional facilities expenses and an increase in employees.

Selling and Marketing

Selling and marketing expenses increased $4,249,000 to $6,732,000 in 2000 from $2,483,000 in 1999. The increase was primarily attributed to increases in personnel, participation in several trade shows, production of marketing information, bid and proposal costs, costs associated with investor relations, and travel.

Research and Development

Research and development costs increased $10,397,000 to $14,512,000 in 2000 from $4,115,000 in 1999. The increase was primarily attributed to the increase of the number of research and development employees, travel, and employee-related expenses. The Company primarily incurred research and development expenses in writing the Interpose® Transaction Engine for the Open Financial Exchange ("OFX") standard, the development of electronic

bill presentment and payment technology, the development of the Interpose® Web Banking ("IWB") front-end, creating the infrastructure and systems for the service bureau and hosting businesses, and developing upgrades of past software products.

Realized Gains on Sales of Investments

On January 20, 2000, Home Financial Network, Inc. ("HFN"), a company in which InteliData held approximately a 25% ownership interest, merged with Sybase, Inc. InteliData accounted for its investment in HFN using the equity method. As of the merger date, such investment's carrying value was zero. In exchange for its portion of ownership in HFN, InteliData received approximately $5,867,000 in cash and approximately 1,770,000 shares of Sybase stock. The Company also held warrants to purchase HFN common stock. As part of the merger agreement, such warrants were converted into warrants to purchase Sybase common stock. The Company received 640,000 "warrant units" with an exercise price of $2.60 per warrant unit. Upon exercise of each warrant unit, the Company is entitled to receive $1.153448 in cash and 0.34794 share of Sybase common stock. InteliData recognized a gain of approximately $42,604,000 on this transaction during the first quarter of 2000. During the year, the Company recognized an additional $5,998,000 in realized gains on the sales of the Sybase investment. Total realized gains for the year were $48,602,000.

Other Income

Other income decreased $774,000 to $1,124,000 in 2000 from $350,000 in 1999. The increase was associated with higher interest income due to the increases in cash and cash equivalents as a result of the sale of the HFN investment.

Income Taxes

Income taxes were $488,000 and $0 for the years ended December 31, 2000 and 1999, respectively. The provision in 2000 was related to the alternative minimum tax on the gain on the Sybase investment.

Discontinued Operations

During 2000, US West notified the Company that US West would no longer permit InteliData to include the lease billing on the US West telephone bills. As such, InteliData has discontinued billing its legacy customers for Caller ID adjunct unit leases in the US West telephone service territory, because the cost of individually billing and pursuing collections for the leases would have made it impractical and uneconomical for the Company to continue the lease program. Accordingly, the results of operations from leasing activities have been reported as discontinued operations.

In 2000, the Company experienced a loss of $262,000 in discontinued operations, while there was a gain of $5,805,000 in 1999. The loss in 2000 was solely related to the Caller ID business and was primarily the result of the Company's write-off of the remaining accounts receivable. The gain of $5,805,000 in 1999 is divided into $2;579,000 from the Caller ID leasing business and $3,226,000 from the telecommunications and interactive services divisions. All of the above results are net of income taxes.

During 1999, the gain of $3,226,000 related to the telecommunications and interactive services divisions was attributable to specific events that occurred during the year including: favorable settlements with former telecommunications customers, the success of other settlements with vendors and negotiated expense settlements, aggressive collection efforts, and experiencing lower than anticipated shut-down costs such as warranty and customer service expenses associated with closing down the discontinued operations.

As of December 31, 2000, the net liabilities of discontinued operations of $755,000 relate to the telecommunications divisions. This relates to the potential environmental clean up associated with InteliData's former New Milford, Connecticut property. In January 2000, InteliData sold the New Milford, Connecticut building, its only remaining asset in discontinued operations of the telecommunications division. In the context of this sale, InteliData agreed to undertake limited remediation of the site in accordance with applicable state law. The subject site is not a federal or state Superfund site and InteliData has not been named a "potentially responsible party" at the site. The remediation plan agreed to with the purchaser allows InteliData to use engineering and

institutional controls (e.g., deed restrictions) to minimize the extent and costs of the remediation. Further, at the time of the sale of the facility, InteliData established a $200,000 escrow account for certain investigation/remediation costs. As of December 31, 2001, this escrow account balance remained at $200,000. Moreover, InteliData has obtained environmental insurance to pay for remediation costs up to $6,600,000 in excess of a retained exposure limit of $600,000. InteliData has recorded its estimated liability related to this matter and other costs related to the discontinued operations.

The Company has engaged a legal firm and an environmental specialist firm to represent InteliData regarding this matter. The timing of the ultimate resolution of this matter is estimated to be from three to five years under the Company's proposed compliance plan, which involves a natural attenuation and periodic compliance monitoring approach. Management does not believe that the resolution of this matter will be likely to have a material adverse effect on the Company's financial condition or results of operations.

Income (Loss) from Continuing and Discontinued Operations, Weighted-Average Common Shares Outstanding and Basic and Diluted Income (Loss) Per Common Share

The basic and diluted weighted-average common shares outstanding for 2000 were 38,237,000 and 40,843,000, respectively, compared to 33,367,000 for both for the same period in 1999. The increase resulted primarily from the exercise of stock options and warrants, stock purchases under the Employee Stock Purchase Plan, and the granting of certain stock awards. Also, as of November 1999, all convertible preferred stock, which had been issued in July 1999, was converted into common stock.

Income (loss) from continuing operations were $23,920,000 and $(7,700,000) for the years ended December 31, 2000 and 1999, while the gain (loss) from discontinued operations were $(262,000) and $5,805,000 for 2000 and 1999, respectively. Net income (loss) were $23,658,000 and $(3,831,000) for 2000 and 1999, respectively.

In accordance with generally accepted accounting principles, portions of the proceeds from the sale of the Company's Series B Preferred Stock were allocated to certain warrants and to the preferred stock's conversion feature. On the Company's 1999 statement of operations, "Preferred stock dividend requirement" in the amount of $1,936,000 is added to the net loss to arrive at "Net loss attributable to common stockholders."

As a result of the foregoing, basic earnings per common share for 2000 were income of $0.63 from continuing operations, loss of $(0.01) from discontinued operations, and net income of $0.62. Diluted earnings per common share for 2000 were income of $0.59 from continuing operations, loss of $(0.01) from discontinued operations, and income of $0.58 for net income.

For the same period in 1999, basic and diluted income (loss) per common share were a loss of $(0.29) from continuing operations and income of $0.18 from discontinued operations, resulting in a basic and diluted loss per common share of $(0.11). In 1999, the Company's net loss attributable to common stockholders was impacted by a charge of $1,936,000 related to the Series B Preferred Stock dividends and the amortization of discounts arising from allocation of proceeds to warrants and the beneficial conversion feature.

Liquidity and Capital Resources

During 2001, the Company's cash and cash equivalents decreased by $15,229,000. At December 31, 2001, the Company had $12,026,000 in cash and cash equivalents, $2,917,000 in investments, $8,662,000 of working capital with no long-term debt, and $44,475,000 in stockholders' equity.

The Company's principal needs for cash in 2001 were for funding operating losses and to fund working capital, primarily related to accounts receivable. The Company funded an increase in accounts receivable of $2,192,000 and decreases in accounts payable and accrued expenses of $2,588,000 and $771,000, respectively, for the year ended December 31, 2001. The increase in accounts receivable was attributable to the timing of receipts for services performed.

The Company's cash requirements for operating activities in 2001 were financed primarily by cash and cash equivalents on hand and the proceeds from sales of investments. Total cash proceeds from the sale of investments were approximately $6,637,000.

Net cash provided by investing activities in 2001 was $4,127,000. This was a result of the sales of investments as discussed above, offset by the purchases of property and equipment of $921,000 and the cash paid for the purchase of Home Account and the related acquisition costs of $320,000 and $1,805,000, respectively.

Financing activities provided net cash of $7,370,000 in 2001 and consisted of $7,720,000 from the issuance of the Company's common stock through a private placement, stock option exercises, warrant exercises and the Employee Stock Purchase Plan, offset by $350,000 related to payments made to acquire treasury stock.

Contractual Obligations – The decision by the Company to divest itself of its telecommunications business segment created certain financial obligations and uncertainties for the future. The Company is required to satisfy certain obligations of the telecommunications business that will carry on beyond December 31, 2001. As of December 31, 2001, the Company had $504,000 in remaining liabilities related to the discontinued operations. During 2000, the Company sold the only remaining asset it had in the discontinued operations -- the building in New Milford, Connecticut. Liabilities remaining in the discontinued operations represent the Company's estimated liability related to potential environmental clean-up at the New Milford location and other costs. The Company is working with its professional advisors and insurer to manage its exposure to liability for the potential environmental clean up. The Company has hired an environmental specialist firm to perform a study of the damages, to prepare a project plan, to work with the state agency, and to remediate the damages. Additionally, the Company has acquired insurance to cap the potential costs and losses at a reasonable amount. Such amounts and insurance costs have been accrued for as of December 31, 2001. Management believes that the combination of the project plan and the insurance arrangements will cause the resolution of this matter to not have a material adverse effect on the Company's financial condition or results of operations.

The Company leases facilities and equipment under cancelable and noncancelable operating lease agreements. Future minimum lease payments under noncancelable operating leases with initial or remaining terms in excess of one year at December 31, 2001, were as follows (in thousands):

Years Ending December 31,		
2002	$	1,157
2003		1,012
2004		808
2005		411
2006		330
2007 and thereafter		—
Total minimum lease payments	$	3,718

The Company is not currently a party to any material litigation. From time to time, the Company is a party to routine litigation incidental to its business. Management does not believe that the resolution of any or all of such routine litigation will be likely to have a material adverse effect on the Company's financial condition or results of operations.

The Company believes that it currently has the capital necessary to continue funding its operations in 2002. During 2002, the Company expects its operating losses to decline based on increases in recurring revenue due to increases in the adoption rates and penetration rates of Internet banking, credit card bill presentment, and electronic bill pay operations and based on our periodic rationalization of headcount and other expenses in light of our available capital and anticipated business forecast. In 2002, the Company expects to focus most of its research and development efforts on the EBPP Solutions. The Internet banking, Interpose® OFX Gateway, and Card Solutions™ products are currently in operation at customer sites and development efforts will be focused largely on product upgrades and product maintenance. The initial phase of the InteliWorks™ CSP product was completed in October 2001. The Company will continue funding research and development into this product to expand the number of processor interfaces, build a more comprehensive Customer Care tool, complete development of full "pay any" capabilities and, most significantly, to create a Universal Directory Service.

New Accounting Pronouncements

Recent Accounting Pronouncements – In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141, *Business Combinations* ("SFAS 141") and SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"). SFAS 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, and broadens the criteria for recording intangible assets separate from goodwill. SFAS 142 requires the use of an amortization and non-amortization approach to account for purchased goodwill and certain intangibles. Under a non-amortization approach, goodwill and certain intangibles will not be amortized into results of operations, but instead would be reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. The amortization and non-amortization provisions of SFAS 142 will be applied to all goodwill and intangible assets acquired after June 30, 2001. The provisions of each statement that apply to goodwill and intangible assets acquired prior to June 30, 2001 will be adopted by the Company on January 1, 2002. We expect the adoption of these accounting standards will have the impact of reducing our amortization of the current goodwill and certain intangibles commencing January 1, 2002 and reviews for impairment may result in future periodic write-downs.

In August 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which is effective January 1, 2002. This statement replaces SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, and some provisions of Accounting Principles Board Opinion No. 30, *Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*. SFAS No. 144 requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. It also broadens the presentation of discontinued operations to include more disposal transactions. The Company's adoption of this pronouncement on January 1, 2002 is not expected to have a material affect on the Company's financial position, results of operations, or cash flows.

Adoption of Accounting Pronouncements – In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"), which establishes accounting and reporting standards for derivative instruments and for hedging activities by requiring that all derivatives be recognized in the balance sheet and measured at fair value. SFAS 133 requires that all derivative financial instruments, such as forward currency exchange contracts and interest rate swaps, be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. Changes in the fair value of derivative financial instruments are either recognized periodically in income or shareholders' equity (as a component of comprehensive income), depending on whether the derivative is being used to hedge changes in fair value or cash flows. The Company's holdings of the Sybase warrants are defined as derivatives under this guidance. The Company's adoption of this pronouncement, effective January 1, 2001, did not have a material effect on the Company's financial statements as of the adoption date. For the year ended December 31, 2001, InteliData recorded $866,000 of unrealized losses in the statement of operations based on the fluctuation in the fair value of the Sybase warrants.

Other Significant Accounting Pronouncements – In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements*, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The Company's application of this pronouncement did not have a material effect on the Company's financial statements.

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

This Form 10-K filing and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the realization of which may be impacted by the factors discussed below. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the "Act"). The Company cautions readers that the following important factors, among others, in some cases have affected the Company's actual results, and could cause the Company's actual results for 2002 and beyond to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company. The following list of factors should not

be construed as exhaustive or as any admission regarding the adequacy of disclosures made by the Company prior to the date hereof or the effectiveness of said Act. Additionally, the Company is not under any obligation (and expressly disclaims an obligation to) update or alter its forward-looking statements, whether as a result of new information or otherwise. We wish to caution you that such risks and uncertainties include, but are not limited to:

- our ability to continue funding operating losses;
- our ability to manage our expenses in line with anticipated business levels;
- our ability to complete product implementations in required time frames;
- our ability to increase our recurring revenues and profits through our ASP business model;
- the impact of competitive products, pricing pressure, product demand and market acceptance risks;
- the pace of consumer acceptance of home banking and reliance on our bank clients to increase usage of Internet banking by their customers;
- the effect of general economic conditions on the financial services industries;
- mergers and acquisitions;
- the risk of integration of our technology by large software companies;
- the ability of FI's customers to implement applications in the anticipated time frames or with the anticipated features, functionality or benefits;
- our reliance on key strategic alliances and newly emerging technologies;
- our ability to leverage our Spectrum relationship into new business opportunities in the EBPP market;
- the on-going viability of the mainframe marketplace and demand for traditional mainframe products;
- our ability to attract and retain key employees;
- the availability of cash for long-term growth;
- product obsolescence;
- our ability to reduce product costs;
- fluctuations in our operating results;
- delays in development of highly complex products; and
- other risks detailed from time to time in our filings with the Securities and Exchange Commission.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential," and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We discuss many of these risks in this prospectus in greater detail under the heading "Risk Factors." In connection with forward-looking statements that appear in these disclosures, readers hereby should carefully consider the factors set forth under "Risk Factors."

Risk Factors Particular to Our Company

We may require additional capital, which we may not be able to obtain, to be able to fund future operating losses, working capital needs and capital expenditures.

The expansion and development of our business may require additional capital in the future to fund our operating losses, working capital needs and capital expenditures. The capital markets are very volatile and we may not be able to obtain future equity or debt financing in the future on satisfactory terms or at all. Our failure to generate sufficient cash flows from sales of products and services or to raise sufficient funds may require us to delay or abandon some or all of our development and expansion plans or otherwise forego market opportunities. Our inability to obtain additional capital on satisfactory terms may delay or prevent the expansion of our business, which could cause our business, operating results and financial condition to suffer.

We may not be able to manage our expenses in line with anticipated business levels.

We continually seek to control our general and administrative expenses and assess our operations in managing the continued development of infrastructure to handle anticipated business levels. Our inability so to control expenses and manage our infrastructure could cause our business, operating results and financial condition to suffer.

The acquisition costs associated with our purchase of Home Account Holdings may exceed the benefits we ultimately realize, which could have an adverse effect on our business, operations, financial condition, and stock price.

If the costs associated with the acquisition of Home Account Holdings ultimately exceed the benefits realized, we may experience increased losses which could cause a decline in the price of our common stock on the NASDAQ National Market and which could have an adverse effect on our business, operations and financial condition.

Rapidly changing technologies could make our products obsolete that may adversely affect our business, operations and financial conditions.

Our business activities are concentrated in fields characterized by rapid and significant technological advances. It is possible that our products and services will not remain competitive technologically or that our products, processes or services will not continue to be reflective of such advances. The following, among other factors, may adversely affect our ability to be technologically competitive:

- our competitors may develop other technologies that could render our products and services noncompetitive or obsolete;
- we may be unable to locate, hire and retain management and other key personnel with the skills and abilities required to further advance and develop our software products and services and to maintain our technological competitiveness;
- we may be unable to introduce new products or product enhancements that achieve timely market acceptance and meet FI's or Internet banking or EBPP customers' needs;
- we may encounter unanticipated technical, marketing or other problems or delays relating to new products, features or services that we recently introduced or that we may introduce in the future;
- we may be unable to keep pace with our competitors' spending on research and development of new products because most of our competitors and potential competitors have significantly greater financial, technological and research and development resources than we have;
- we may be unable to develop, produce and market new products as cheaply as our competitors and we may not be able to offer new products to customers at a competitive price; and,
- we may be unable to leverage our relationship with Spectrum (a consortium of banks aligned to invest in the development of an EBPP solution) into new business opportunities in the EBPP market.

An inability to compete successfully in an increasingly competitive and crowded marketplace could adversely affect our business, operations and financial conditions.

The market for Internet banking and other interactive financial products and services is highly competitive and subject to rapid innovation and technological change, shifting consumer preferences and frequent new product introductions. A number of corporations, including S-1 Corporation, Corillian Corporation, Financial Fusion, Inc., Digital Insight, Inc., and Incurrent Solutions, Inc., some of which have greater resources than us, offer products and services that compete directly with the products and services we offer. We expect the number of competitors in the Internet banking and EBPP products and services industry to expand greatly as a result of the popularity of the Internet and widespread ownership of personal computers. We foresee our future competitors as including:

- banks that have already developed (or plan to develop) Internet banking and EBPP products for their own customers, with the possibility of offering the products to other banks and other banks' customers;
- non-banks that may develop Internet banking and EBPP products to offer to banks; and,
- computer software and data processing companies that currently offer, or will offer Internet banking and EBPP services through the use of their broad distribution channels that may be used to bundle competing products directly to end-users or purchasers.

Our operating results fluctuate which could have an adverse effect on our business, operations and financial condition.

Our quarterly operating results have varied significantly in the past, and it is likely that they will vary greatly in the future. Some of the factors that will likely cause our operating results to fluctuate are:

- the size and timing of customer orders;
- changes in our pricing policies or those of our competitors;

- new product introductions or enhancements by our competitors or by us;
- delays in the introduction of new products or product enhancements by our competitors or by us;
- customer order deferrals by our customers in anticipation of upgrades and new products;
- market acceptance of new products;
- the timing and nature of sales, marketing, and research and development expenses by our competitors or by us; and,
- other changes in operating expenses, personnel changes and general economic conditions.

Additionally, certain banks and other FI's have recently combined or are proposing to combine, and we are unable to assess the future effect that those combinations and other possible consolidations in the banking industry will have upon us. No assurance can be given that quarterly variations in our operating results will not occur in the future, and accordingly, the results of any one quarter may not be indicative of the operating results for future quarters.

Future sales by existing shareholders may lower the price of our common stock, which could result in losses to our shareholders.

Future sales of substantial amounts of our common stock in the public market, or the possibility of such sales occurring, could adversely affect prevailing market prices for our common stock or our future ability to raise capital through an offering of equity securities. Substantially all of our common stock is freely tradable in the public market without restriction under the Securities Act, unless these shares are held by ''affiliates'' of our company, as that term is defined in Rule 144 under the Securities Act. In particular:

- We have issued 2,862,727 shares of our common stock and warrants to acquire up to 1,431,364 shares of our common stock to certain investors in a private placement that closed in December 2001. Additionally, we issued warrants to acquire up to 286,273 shares of common stock to our placement agent in connection with the private placement. The shares of common stock and the shares of common stock issuable upon exercise of the warrants issued in the private placement are being registered pursuant to this registration statement, and when this registration statement becomes effective, such issued shares and any shares issued upon exercise of the warrants shall become freely tradable in the public market without restriction under the Securities Act.
- We have issued 6,900,000 shares of our common stock pursuant to our acquisition of Home Account Holdings. These shares have been registered with the SEC and are freely tradable in the public market subject to certain restrictions in the acquisition agreements.
- Of the 6,900,000 shares, 5,900,000 shares have been released to certain individuals who held stock in Home Account before our acquisition, in accordance with the transfer restriction provisions of the acquisition agreements. Six hundred and ninety thousand shares were released to certain of these individuals in August 2001. Another 1,035,000 shares were released to certain of these individuals in November 2001. The remaining shares (other than 1,000,000 shares held in escrow for possible indemnity claims) were released in March 2002. Shares released from the indemnity escrow would be released not earlier than March 31, 2002.

We possess limited patent or registered intellectual property rights with respect to our technology and any loss or infringement of those rights could cause us to lose a valuable competitive advantage or incur costly litigation expenses that could have an adverse effect on our business, operations and financial condition.

We possess limited patent or registered intellectual property rights with respect to our technology. We depend, in part, upon our proprietary technology and know-how to differentiate our products from those of our competitors and work independently and from time to time with third parties with respect to the design and engineering of our own products. We also rely on a combination of contractual provisions, trademarks, and trade secret laws to protect our proprietary technology. There can be no assurance, however, that we will be able to protect our technology or successfully develop new technology or gain access to such technology, that third parties will not be able to develop similar technology independently or design around our intellectual property rights, that competitors will not obtain unauthorized access to our proprietary technology, that third parties will not misuse the technology to which we have granted them access, or that our contractual or legal remedies will be sufficient to protect our interests in our proprietary technology. Enforcing or defending our intellectual property rights could be very expensive. If we cannot preserve our intellectual property rights, we may be at a competitive disadvantage.

Claims Against Us for Infringement of Another Party's Intellectual Property Rights Could Cause Us to Incur Costly Litigation Expenses or Impact Our Ability to Offer Products or Services to Our Market

The Internet banking software and services industry has become an area of substantial litigation concerning intellectual property rights. Claims of infringement by third parties could have a significant adverse impact on our business. The expenses associated with defending claims, even if successful, are often significant. In the event that we were found to infringe a third party's rights, we would be required to enter into a royalty arrangement to continue to offer the infringing products and services. If we were unable to obtain acceptable royalty terms, we would be forced to discontinue offering the infringing products and services or modify the products and services to become non-infringing. This could result in the significant loss of revenues or considerable additional expense.

Delays in the development of new products or in the implementation of new or existing products at customer locations and defects or errors in the products we sell could adversely affect our business, operations and financial condition.

We may experience delays in the development of the software and computing systems underlying our products and services. Additionally, we may experience delays when implementing our products at customer locations, and customers may be unable to implement our products in the time frames and with the functionalities that they expect or require. There can be no assurance that, despite our testing, errors will not be found in the underlying software, or that we will not experience development delays, resulting in delays in the shipment of our products, the commercial release of our products or in the market acceptance of our products, each of which could have a material adverse effect on our business, operations and financial condition.

We are dependent on key personnel, the loss of whom could adversely affect our business, operations and financial condition. Additionally, we will need to locate, hire and retain additional qualified personnel to continue to grow our business.

Our performance is substantially dependent on the performance of our executive officers and key employees. We depend on our ability to retain and motivate high quality personnel, especially management and skilled development teams. The loss of services of any of our executive officers or other key employees could have a material adverse effect on our business, operations or financial condition.

Our future success also depends on our continuing ability to identify, hire, train and retain other highly qualified technical and managerial personnel. Competition for such personnel is intense, and there can be no assurance that we will be able to attract, assimilate or retain other highly qualified technical and managerial personnel in the future. The inability to attract and retain the necessary technical and managerial personnel could have a material adverse effect upon our business, operations or financial condition.

Risk Factors Associated With Our Industry

The Internet banking and EBPP industries are relatively new and developing markets, and our success depends on the acceptance and growing use of Internet banking and electronic bill presentment and payment.

Internet banking and EBPP continue to be developing markets. Our future financial success in the relatively new Internet banking and EBPP marketplace depends, in part, upon:

- consumer acceptance of, and FI's support for, Internet banking and EBPP technologies;
- continued growth in personal computer sales and the number of personal computers with Internet access and continued reductions in the cost of personal computers and Internet access;
- the degree of FI's success in marketing the Internet banking and EBPP products to their customers and the ability of these institutions to implement applications in anticipated time frames or with anticipated features and functionalities; and,
- the continued absence of regulatory controls and oversight of the Internet and electronic commerce.

Even if this market experiences substantial growth, there can be no assurance that our products and services will be commercially successful or that we will benefit from such growth. Therefore, there can be no assurance as to the timing, introduction, or market acceptance of, or necessary regulatory approvals for, our products and services.

Concerns related to system security and consumer protections could prevent the widespread acceptance of Internet banking and EBPP and could adversely affect our business, operations and financial condition.

The willingness of consumers and FI's to use personal computer and Internet-based banking, bill payment and other financial services will depend, in part, upon the following factors:

- our ability to protect consumer information relating to personal computer and Internet-based banking and other financial services against the risk of fraud, counterfeit and technology failure;
- the frequency of interruptions, delays and cessation in service to FI's and individuals resulting from computer viruses, break-ins or other problems;
- the increase in the cost of our services and products, as well as the cost to up-grade the services and products to keep pace with rapidly changing computer and Internet technologies, may be increased by expenditures of capital and resources to reduce security breaches, break-ins and computer viruses; and,
- the erosion of public and consumer confidence in the security and privacy of Internet banking and EBPP.

The threat of increased government regulation of the Internet and the continuing legal uncertainty and potential liabilities associated with sharing personal and financial information on the Internet could adversely affect our business, operations and financial condition.

Our products rely on the cost-effectiveness of, and ease of access to, the Internet. There are currently few laws or regulations directly applicable to, or commerce or other communications on, the Internet. However, due to the increasing popularity and use of the Internet, it is possible that new laws and regulations may be adopted with respect to the Internet, covering issues such as user privacy, the collection or processing of personal information, copyright infringement and the pricing, characteristics and quality of products and services. Consumers' concerns relating to privacy, security and increasing regulation could hinder the use of the Internet and the growth of our business. The adoption of restrictive laws or regulations may increase the cost of doing business over the Internet. The application to the Internet of existing laws and regulations governing such issues as property ownership and personal privacy is subject to substantial uncertainty. Mandatory privacy and security standards and protocols are still being developed by government agencies, and we may incur significant expenses to comply with any requirements that are ultimately adopted. Our FI's customers require that our products and services will permit them to operate in compliance with all applicable laws and regulations. We may become subject to direct regulation as the market for our products and services evolves. Additionally, current or new government laws and regulations, or the application of existing laws and regulations, may expose us to significant liabilities or otherwise impair our ability to achieve our strategic objectives through increased operating costs or reduced market acceptance. If Internet use does not grow as a result of privacy or security concerns, increasing regulation or for other reasons, the sale of Internet banking and electronic bill presentment and payment products would be hindered and our business, operations and financial condition would be adversely affected.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company currently has no long-term debt and is not currently engaged in any transactions that involve foreign currency. The Company does not engage in hedging activities.

As of December 31, 2001, the fair value of the Company's investment portfolio was approximately $2,917,000, which consisted of $2,676,000 of warrants to purchase Sybase common stock and $241,000 of fixed income securities. Changes in the fair value of the fixed income securities will continue to be recognized in shareholders' equity (as a component of comprehensive income). SFAS 133, which the Company adopted effective January 1, 2001, requires that changes in the fair value of the warrants to purchase Sybase common stock be recognized periodically in income. In accordance with SFAS 133, the Company recorded an unrealized loss on investment of $866,000 in the statement of operations for the year ended December 31, 2001. A 10% fluctuation in the stock price would result in an approximate effect of $268,000 in the fair value of the Company's holdings of Sybase warrants.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Consolidated Financial Statements	
Consolidated Balance Sheets as of December 31, 2001 and 2000	31
Consolidated Statements of Operations for the Years Ended December 31, 2001, 2000, and 1999	32
Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2001, 2000, and 1999	33
Consolidated Statements of Cash Flows for the Years Ended December 31, 2001, 2000 and 1999	34
Notes to Consolidated Financial Statements for the Years Ended December 31, 2001, 2000, and 1999	35
Independent Auditors' Report	50

INTELIDATA TECHNOLOGIES CORPORATION
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2001 AND 2000
(in thousands, except share data)

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,026	$ 27,255
Restricted cash	—	440
Investments	2,917	10,217
Accounts receivable, net	4,992	1,486
Other receivables	563	83
Prepaid expenses and other current assets	559	320
Total current assets	21,057	39,801
NONCURRENT ASSETS		
Property and equipment, net	3,720	3,282
Goodwill, net	22,038	—
Intangibles, net	10,700	—
Other assets	195	195
TOTAL ASSETS	$ 57,710	$ 43,278
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 3,346	$ 4,288
Accrued expenses	5,357	3,651
Deferred revenues	3,164	1,014
Other liabilities	324	—
Net liabilities of discontinued operations	204	455
TOTAL CURRENT LIABILITIES	12,395	9,408
Net liabilities of discontinued operations	300	300
Other liabilities	540	—
TOTAL LIABILITIES	13,235	9,708
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, $0.001 par value; authorized 5,000,000 shares; no shares issued and outstanding	—	—
Common stock, $0.001 par value; authorized 60,000,000 shares; issued 49,723,603 shares in 2001 and 39,320,609 shares in 2000; outstanding 48,917,259 shares in 2001 and 38,629,897 shares in 2000	50	39
Additional paid-in capital	303,141	261,552
Treasury stock, at cost: 806,344 shares in 2001 and 690,712 shares in 2000	(2,473)	(2,123)
Deferred compensation	(1,395)	(1,375)
Accumulated other comprehensive income	210	494
Accumulated deficit	(255,058)	(225,017)
TOTAL STOCKHOLDERS' EQUITY	44,475	33,570
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 57,710	$ 43,278

See accompanying notes to consolidated financial statements.

INTELIDATA TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(in thousands, except per share data)

	2001	2000	1999
Revenues			
Software	$ 1,790	$ 673	$ 2,152
Consulting and services	16,506	3,884	1,992
Royalties and other	—	544	2,349
Total revenues	18,296	5,101	6,493
Cost of revenues			
Software	5	—	460
Consulting and services	9,005	2,720	1,283
Total cost of revenues	9,010	2,720	1,743
Gross profit	9,286	2,381	4,750
Operating expenses			
General and administrative	10,065	6,455	6,202
Selling and marketing	9,575	6,732	2,483
Research and development	15,729	14,512	4,115
Amortization of goodwill and intangibles	4,255	—	—
Total operating expenses	39,624	27,699	12,800
Operating loss	(30,338)	(25,318)	(8,050)
Realized gain (loss) on sales of investments	378	48,602	—
Unrealized gain (loss) on Sybase warrants	(866)	—	—
Other income (expenses), net	625	1,124	350
Income (loss) before income taxes	(30,201)	24,408	(7,700)
Provision (benefit) for income taxes	(160)	488	—
Income (loss) from continuing operations	(30,041)	23,920	(7,700)
Discontinued operations, net of income taxes			
Gain (loss) on disposal of Telecommunication Division	—	—	3,226
Income (loss) from operations of Caller ID leasing	—	(262)	2,579
Total discontinued operations	—	(262)	5,805
Net income (loss)	(30,041)	23,658	(1,895)
Preferred stock dividends and amortization of discounts arising from allocation of proceeds to warrants and beneficial conversion feature	—	—	(1,936)
Net income (loss) attributable to common stockholders	$(30,041)	$ 23,658	$ (3,831)
Basic earnings per common share			
Income (loss) from continuing operations	$ (0.65)	$ 0.63	$ (0.29)
Income (loss) from discontinued operations	0.00	(0.01)	0.18
Net income (loss)	$ (0.65)	$ 0.62	$ (0.11)
Diluted earnings per common share			
Income (loss) from continuing operations	$ (0.65)	$ 0.59	$ (0.29)
Income (loss) from discontinued operations	0.00	(0.01)	0.18
Net income (loss)	$ (0.65)	$ 0.58	$ (0.11)
Basic weighted-average common shares outstanding	45,897	38,237	33,367
Diluted weighted-average common shares outstanding	45,897	40,843	33,367

See accompanying notes to consolidated financial statements.

INTELIDATA TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999
(in thousands)

	Preferred Stock Shares	Preferred Stock Amount	Common stock Shares	Common stock Amount	Additional Paid-in Capital	Treasury Stock	Deferred Compensation	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Comprehensive Income (Loss)	Total
Balance at January 1, 1999	—	—	32,293	32	247,359	(2,064)	(152)	—	(244,844)		331
Issuance of common stock:											
Exercise of stock options	—	—	1,250	1	2,407	—	—	—	—		2,408
Employee stock purchase plan	—	—	23	—	27	—	—	—	—		27
Issuance of preferred stock & warrants	1	—	—	—	5,670	—	—	—	—		5,670
Conversion of preferred stock	(1)	—	4,793	5	(5)	—	—	—	—		—
Amortization and accretion of preferred dividend	—	—	—	—	1,936	—	—	—	(1,936)		—
Issuance of restricted stock	—	—	369	—	670	—	(670)	—	—		—
Cancellation of restricted stock	—	—	(37)	—	(72)	—	72	—	—		—
Issuance of warrants	—	—	—	—	141	—	(141)	—	—		—
Amortization of deferred compensation	—	—	—	—	—	—	546	—	—		546
Net loss	—	—	—	—	—	—	—	—	(1,895)	$ (1,895)	(1,895)
Comprehensive loss										$ (1,895)	
Balance at December 31, 1999	—	—	38,691	38	258,133	(2,064)	(345)	—	(248,675)		7,087
Issuance of common stock:											
Exercise of stock options	—	—	258	1	591	—	—	—	—		592
Employee stock purchase plan	—	—	30	—	75	—	—	—	—		75
Exercise of stock warrants	—	—	166	—	228	—	—	—	—		228
Issuance of restricted stock	—	—	206	—	1,401	—	(1,401)	—	—		—
Cancellation of restricted stock	—	—	(30)	—	(152)	—	152	—	—		—
Issuance of stock warrants	—	—	—	—	419	—	(419)	—	—		—
Capital contribution	—	—	—	—	857	—	—	—	—		857
Purchase of treasury stock	—	—	—	—	—	(59)	—	—	—		(59)
Unrealized gains on investments	—	—	—	—	—	—	—	494	—	$ 494	494
Amortization of deferred compensation	—	—	—	—	—	—	638	—	—		638
Net income	—	—	—	—	—	—	—	—	23,658	23,658	23,658
Comprehensive income										$ 24,152	
Balance at December 31, 2000	—	—	39,321	$ 39	$ 261,552	$ (2,123)	$ (1,375)	$ 494	$ (225,017)		$ 33,570
Issuance of common stock:											
Acquisition of Home Account	—	—	6,900	7	31,950	—	—	—	—		31,957
Private placement	—	—	2,863	3	7,228	—	—	—	—		7,231
Exercise of stock options	—	—	220	—	412	—	—	—	—		412
Employee stock purchase plan	—	—	29	—	66	—	—	—	—		66
Exercise of stock warrants	—	—	3	—	11	—	—	—	—		11
Issuance of restricted stock	—	—	481	1	2,082	—	(2,083)	—	—		—
Cancellation of restricted stock	—	—	(92)	—	(509)	—	509	—	—		—
2000 Home Account Incentive Plan	—	—	—	—	349	—	(349)	—	—		—
Purchase of treasury stock	—	—	—	—	—	(350)	—	—	—		(350)
Realized gains on investments sold	—	—	—	—	—	—	—	(284)	—	$ (284)	(284)
Amortization of deferred compensation	—	—	—	—	—	—	1,903	—	—		1,903
Net loss	—	—	—	—	—	—	—	—	(30,041)	(30,041)	(30,041)
Comprehensive income										$ (30,325)	
Balance at December 31, 2001	—	—	49,725	$ 50	$ 303,141	$ (2,473)	$ (1,395)	$ 210	$ (255,058)		$ 44,475

See accompanying notes to consolidated financial statements.

INTELIDATA TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999
(in thousands)

	2001	2000	1999
Cash flows from operating activities			
Income (loss) from continuing operations	$ (30,041)	$ 23,920	$ (7,700)
Adjustments to reconcile income (loss) from continuing operations to net cash from operating activities of continuing operations:			
Realized gain on sales of investments	(378)	(48,602)	—
Unrealized loss on Sybase warrants	866	—	—
Amortization of goodwill and intangibles	4,255	—	—
Depreciation and amortization	2,061	579	233
Deferred income taxes	—	116	—
Deferred compensation expense	1,903	638	546
Net gain on disposal of property and equipment	(60)	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(2,192)	(588)	(1,585)
Prepaid expenses and other current assets	(501)	(182)	5
Other assets	—	(20)	82
Accounts payable	(2,588)	1,945	999
Accrued expenses	(771)	2,359	256
Deferred revenue	971	398	(1,527)
Net cash used in operating activities of continuing operations	(26,475)	(19,437)	(8,691)
Income (loss) from discontinued operations	—	(262)	5,805
Change in net liabilities of discontinued operations	(251)	1,629	(4,340)
Net cash provided by (used in) operating activities of discontinued operations	(251)	1,367	1,465
Net cash used in operating activities	(26,726)	(18,070)	(7,226)
Cash flows from investing activities			
Proceeds from sales of investments	6,637	38,700	—
Release of cash escrow	311	—	—
Proceeds from disposal of property and equipment	225	—	—
Purchases of property and equipment	(921)	(3,313)	(433)
Payments on acquisition related costs	(1,805)	—	—
Cash paid for Home Account common stock	(320)	—	—
Purchase of investments	—	(251)	—
Net cash provided by (used in) investing activities	4,127	35,136	(433)
Cash flows from financing activities			
Proceeds from the issuance of preferred stock	—	—	5,670
Proceeds from the issuance of common stock	7,720	895	2,435
Capital contribution	—	857	—
Payments to acquire treasury stock	(350)	(59)	—
Net cash provided by financing activities	7,370	1,693	8,105
Increase (decrease) in cash and cash equivalents	(15,229)	18,759	446
Cash and cash equivalents, beginning of year	27,255	8,496	8,050
Cash and cash equivalents, end of year	$ 12,026	$ 27,255	$ 8,496

See accompanying notes to consolidated financial statements.

INTELIDATA TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001, 2000, AND 1999

(1) ORGANIZATION

InteliData Technologies Corporation ("InteliData" or the "Company") provides the real-time financial processing infrastructure to enable financial institutions ("FI's") to provide services over the Internet. The Company develops and markets software products and consulting services for the financial services industry. InteliData also services the emerging electronic bill presentment and payment ("EBPP") market with the development of its end-to-end, biller-to-consumer EBPP solutions.

Our products and services are designed to assist consumers in accessing and transacting business with their FI's electronically, and to assist FI's in connecting to and transacting business with third party processors. The Company also serves as an Application Service Provider ("ASP") by providing Internet hosting and service bureau solutions to FI's, including bankcard issuers.

On January 11, 2001, InteliData acquired Home Account Holdings, Inc. and its operating subsidiary, Home Account Network, Inc., by means of the merger of one of the Company's wholly owned subsidiaries with and into Home Account Holdings, with Home Account Holdings surviving the merger. Home Account Holdings is now a wholly owned subsidiary of InteliData. This acquisition was accounted for as a purchase. As a result of the Company's acquisition of Home Account Holdings, InteliData now offers a suite of UNIX-based Internet banking and electronic bill presentment and payment products and services in an application services provider environment.

The Company is incorporated in the State of Delaware and has its corporate headquarters in Reston, Virginia. There are operating facilities in Charleston, South Carolina, Omaha, Nebraska, and Toledo, Ohio.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation – The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after elimination of all material inter-company balances and transactions. Certain reclassifications have been made to the prior year financial statements to conform to the 2001 financial statement presentation.

(b) Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates include, but are not limited to, an allowance for doubtful accounts, a provision for forward loss and project plans for the completion and delivery of certain solutions. Actual results could differ from those estimates.

(c) Revenue Recognition – The Company supplies Internet banking and electronic bill presentment and payment software to FI's. The Company's revenues associated with integrated solutions that bundle software products with customization, installation and training services are recognized using the percentage of completion method of accounting.

Starting late in 2000, the Company entered into contracts for its bill payment technology software. This software does not require significant customization. Upon delivery, the Company either recognizes revenue ratably over the contract period for contracts where vendor specific objective evidence (VSOE) of fair value for post contract customer support (PCS) does not exist or recognizes revenue in full where VSOE of fair value for PCS does exist.

The Company enters into multiple element arrangements. Elements typically include software, consulting, implementation and PCS. PCS contracts generally require the Company to provide technical support and unspecified, readily available software updates and upgrades to customers. Revenue for these multiple element arrangements is recognized when there is persuasive evidence of an arrangement and delivery to the customer has occurred, the fee is fixed and determinable, and collectibility is considered probable. Advance payments are

recorded as deferred revenue until the products are shipped, services are delivered and all obligations are met. Currently, the Company does not have VSOE of fair value for some of the elements within its multiple element arrangements. Therefore, all revenue under such arrangements is being recognized ratably over the term of the PCS contract. Revenue from transactional services, which includes hosting and service bureaus, is recognized as transactions are processed.

Emerging Issues Task Force Abstract Issue No. 00-3, *Application of AICPA Statement of Position 97-2 to Arrangements that Include the Right to Use Software Stored on Another Entity's Hardware* ("EITF 00-3"), provides guidance in determining whether or not the provisions of Statement of Position No. 97-2, *Software Revenue Recognition* ("SOP 97-2"), should be applied to hosting arrangements. The Company has some contracts where the customers operate our software in an ASP environment. The customer may not take possession of the software without incurring significant transition and infrastructure costs, as well as potential payments of fees to the Company for the termination of such arrangements. In cases where the customer has not licensed software from InteliData, the customer must also purchase a license prior to having the right to use the software in its own operating environment, in addition to the aforementioned fees. In these situations, the Company applies the guidance under EITF 00-3 and the Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements,* and recognizes the revenue associated with the license and/or implementation fees ratably over the initial term of the contract.

Additionally, based on the EITF 00-3 guidance, the Company concluded that SOP 97-2 should not be applied to certain of its contracts and their related revenue for license and professional services were recognized under the percentage of completion method. In addition to our developing and delivering the solution, the Company is entitled to transaction fees based on the number of users and transactions. These transaction fees are earned based on the monthly user counts and as transactions are processed.

(d) *Cash and Cash Equivalents* – The Company considers all non-restricted, highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates their fair market value.

(e) *Investments* – The Company reports its investments in marketable securities as available-for-sale with any unrealized holding gains and losses, net of the related income tax effect, excluded from earnings and reported as a separate component of stockholders' equity until such gains or losses are realized. Dividends and interest income are recognized when earned. Realized gains or losses are included in earnings and are derived using the first-in, first-out method for determining cost of securities sold.

Adoption of New Accounting Pronouncement – Prior to January 1, 2001, the Company considered its investment in warrants to purchase common stock of Sybase, Inc. ("Sybase") to be available-for-sale under the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities. Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"), which establishes accounting and reporting standards for derivative instruments and for hedging activities by requiring that all derivatives be recognized in the balance sheet and measured at fair value. Effective January 1, 2001, the Company's investment in the Sybase warrants was accounted for in accordance with SFAS 133.

(f) *Property and Equipment* – Property and equipment is stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which are generally in the range of three to seven years.

(g) *Net Liabilities of Discontinued Operations* – Under various disposal plans adopted in 1997, 1998, and 2000, the Company has completed the divestiture of all of its telecommunications, interactive services businesses and the Caller ID adjunct leasing activities, respectively.

(h) *Deferred Revenues* – Deferred revenues represent unearned revenues for services that have not yet been provided or where certain accounting revenue recognition criteria have not yet been met.

(i) *Income Taxes* – Income taxes are accounted for in accordance with the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax

assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established against deferred tax assets when it is deemed, based on available evidence, that it is more likely than not that some portion or all of the deferred tax asset will not be realized.

(j) *Accounting for Stock-Based Compensation* – The Company accounts for employee stock options in accordance with Accounting Principles Board Opinion No. 25 ("APB 25"), *Accounting for Stock Issued to Employees*. Under APB 25, the Company recognizes no compensation expense related to employee stock options, as no options are granted at a price below the market price on the day of grant. The Company accounts for stock options issued to non-employees in accordance with the provisions of Statement of Financial Accounting Standards No. 123 ("SFAS 123"), *Accounting for Stock-Based Compensation.*

SFAS 123 prescribes the recognition of compensation expense based on the fair value to options on the grant date and allows companies to continue applying APB 25 if certain pro forma disclosures are made assuming hypothetical fair value method application. The Company has elected to continue to apply the provisions of APB 25 for options granted to employees and provide the pro forma disclosures pursuant to SFAS 123.

(k) *Net Income (Loss) Attributable to Common Stockholders per share* – Basic earnings (loss) per common share ("EPS") is computed by dividing net income (loss), after deducting preferred stock dividend requirements and amortization of the discounts on the preferred stock that was issued in 1999, by the basic weighted-average common shares outstanding during the year. Diluted EPS reflects the dilutive effect of stock options and stock awards granted to employees under stock-based compensation plans, as well as stock warrants. The effects of stock options and warrants were not included in the loss per share computations in 2001 and 1999 because they would have been anti-dilutive.

(l) *Fair Value of Financial Instruments* – The carrying values of the Company's financial instruments such as cash and cash equivalents, investments in common stock, warrants, and bonds, accounts receivable, and accounts payable approximate their fair values.

(m) *New Accounting Pronouncements* – In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, *Business Combinations* (SFAS 141) and SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). SFAS 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, and broadens the criteria for recording intangible assets separate from goodwill. SFAS 142 requires the use of an amortization and non-amortization approach to account for purchased goodwill and certain intangibles. Under a non-amortization approach, goodwill and certain intangibles will not be amortized into results of operations, but instead would be reviewed for impairment and written down and charged to results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. The amortization and non-amortization provisions of SFAS 142 will be applied to all goodwill and intangible assets acquired after June 30, 2001. The provisions of each statement that apply to goodwill and intangible assets acquired prior to June 30, 2001 will be adopted by the Company on January 1, 2002. We expect the adoption of these accounting standards will have the impact of reducing our amortization of the current goodwill and certain intangibles commencing January 1, 2002 and reviews for impairment may result in future periodic write-downs.

In August 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which is effective January 1, 2002. This statement replaces SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, and some provisions of Accounting Principles Board Opinion No. 30, *Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*. SFAS No. 144 requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. It also broadens the presentation of discontinued operations to include more disposal transactions. The Company's adoption of this pronouncement on January 1, 2002 is not expected to have a material affect on the Company's financial position, results of operations, or cash flows.

(n) *Concentration of Credit Risk* – Financial instruments that potentially subject the Company to credit risk consist principally of trade receivables. The Company sells its products primarily to FI's in the United States. The

Company believes that the concentration of credit risk in its trade receivables is substantially mitigated by the Company's on-going credit evaluation process and the financial position of the FI's that are highly regulated. The Company does not generally require collateral from customers. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. As of December 31, 2001, the Company's top six customer comprised approximately 52% of the net accounts receivable balance.

(3) INVESTMENTS

On January 20, 2000, Home Financial Network, Inc. ("HFN"), a company in which InteliData held approximately a 25% ownership interest, merged with Sybase, Inc. ("Sybase"). InteliData accounted for its investment in HFN using the equity method. As of the merger date, such investment's carrying value was zero. In exchange for its portion of ownership in HFN, InteliData received approximately \$5,867,000 in cash and approximately 1,770,000 shares of Sybase stock. The Company also held warrants to purchase HFN common stock. As part of the merger agreement, such warrants were converted into warrants to purchase Sybase common stock. The Company received 640,000 "warrant units" with an exercise price of \$2.60 per warrant unit. Upon exercise of each warrant unit, the Company is entitled to receive \$1.153448 in cash and 0.34794 share of Sybase common stock.

As part of this merger transaction, an escrow account was established to provide Sybase indemnity protection against possible claims that might arise against HFN. Approximately 133,000 shares of Sybase common stock owned by InteliData were put in escrow, along with approximately \$440,000 of cash. In March 2001, the Company received the escrow payments less approximately \$129,000 for miscellaneous claims under the escrow provision. During 2000, InteliData recognized a gain of approximately \$42,604,000 on this transaction and a gain of \$5,998,000 on the subsequent disposition of some of the Sybase common stock. The remaining holdings of Sybase common stock were sold during 2001 for a net gain of \$507,000.

Additionally, the Company acquired approximately \$251,000 of marketable securities during 2000. The Company considers all of its investments to be available-for-sale under the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities, and as such, included within stockholders' equity as of December 31, 2001 is \$10,000 of unrealized loss on investments (net of taxes), which represents the decrease in the fair market value of the investment holdings from the acquisition price to December 31, 2001.

As of December 31, 2001, the Company has classified all investments, other than the Sybase warrants, as available-for-sale. All fixed income securities are due after five years. The amortized cost, gross unrealized holding gains, gross unrealized holding losses and fair value of the securities were as follows (in thousands):

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities	\$ 251	\$ -	\$ (10)	\$ 241

Prior to January 1, 2001, the Company considered its investment in warrants to purchase common stock of Sybase, Inc. ("Sybase") to be available-for-sale under the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities. Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"), which establishes accounting and reporting standards for derivative instruments and for hedging activities by requiring that all derivatives be recognized in the balance sheet and measured at fair value.

SFAS 133 requires that all derivative financial instruments, such as forward currency exchange contracts, interest rate swaps and the Company's warrants to purchase Sybase stock, be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. Changes in the fair value of derivative financial instruments are either recognized periodically in income or stockholders' equity (as a component of comprehensive income), depending on whether the derivative is being used to hedge changes in fair

value or cash flows. The Company's holdings of the Sybase warrants are defined as derivatives under this guidance. As discussed in Note 1, effective January 1, 2001, the Company's investment in the Sybase warrants were accounted for in accordance with SFAS 133. The Company's adoption of this pronouncement, effective January 1, 2001, did not have a material effect on the Company's financial statements as of the adoption date. The Company's adoption of this pronouncement, effective January 1, 2001, did not result in an adjustment for the cumulative effect of an accounting change, because the carrying value reflected fair value under the previous accounting guidance. In accordance with SFAS 133, the Company recorded an unrealized loss on investment of $866,000 for the year ended December 31, 2001.

In accordance with SFAS 115, the balance sheets include $210,000 and $494,000 of unrealized gain on investments (net of taxes), within stockholders' equity as of December 31, 2001 and 2000, respectively. As of December 31, 2000, the unrealized gain on investments balance represented the increase in the fair market value of the Sybase holdings from the January 20, 2000 merger transaction date to the respective balance sheet date. As of December 31, 2001, the accumulated other comprehensive loss balance represents the changes in the fair market value of the Sybase common stock. In accordance with SFAS 133, the change in the fair market value of the Sybase warrants was recorded in the statement of operations (see below).

As of December 31, 2001, the warrants to purchase Sybase common stock had an estimated fair value of approximately $2,676,000. The fair value of the warrants described above was estimated on December 31, 2001 using the Black-Scholes model using the following: no dividend yield, expected volatility of 60%, life of 18 months, and a risk free interest rate of 6.10% per annum.

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31 (in thousands):

	2001	2000
Building improvements	$ 165	$ 45
Office equipment	6,546	4,269
Furniture and fixtures	619	610
	7,330	4,924
Accumulated depreciation	(3,610)	(1,642)
	$ 3,720	$ 3,282

(5) ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consists of the following at December 31 (in thousands):

	2001	2000
Accrued compensation	$ 2,563	$ 1,645
Provision for forward loss	549	370
Accrued professional fees	200	291
Accrued insurance	338	209
Deferred taxes	292	193
Other liabilities	1,415	943
	$ 5,357	$ 3,651

The provision for forward loss represents the future anticipated loss based on the excess of the current estimates at completion of the total contract costs over total contract revenues.

(6) DISCONTINUED OPERATIONS

As of December 31, 2001, the net liabilities of discontinued operations of $504,000 relate to the telecommunications divisions. This relates to the potential environmental clean up associated with InteliData's former New Milford, Connecticut property. In January 2000, InteliData sold the New Milford, Connecticut building, its only remaining asset in discontinued operations of the telecommunications division. In the context of this sale, InteliData agreed to undertake limited remediation of the site in accordance with applicable state law. The

subject site is not a federal or state Superfund site and InteliData has not been named a "potentially responsible party" at the site. The remediation plan agreed to with the purchaser allows InteliData to use engineering and institutional controls (e.g., deed restrictions) to minimize the extent and costs of the remediation. Further, at the time of the sale of the facility, InteliData established a $200,000 escrow account for certain investigation/remediation costs. As of December 31, 2001, this escrow account balance remained at $200,000. Moreover, InteliData has obtained environmental insurance to pay for remediation costs up to $6,600,000 in excess of a retained exposure limit of $600,000. InteliData estimates its liability related to this matter and other costs to be approximately $504,000 and has recorded a liability for that amount.

The Company has engaged a legal firm and an environmental specialist firm to represent InteliData regarding this matter. The timing of the ultimate resolution of this matter is estimated to be from three to five years under the Company's proposed compliance plan, which involves a natural attenuation and periodic compliance monitoring approach. Management does not believe that the resolution of this matter will be likely to have a material adverse effect on the Company's financial condition or results of operations.

The Company leased Caller ID adjunct units under an agreement with US West, whereby the Company leased Caller ID units directly to US West customers. The leasing program enabled subscribers to pay a monthly fee for the equipment. In 1996, US West ceased leasing new Caller ID adjunct units under the program. Notwithstanding the termination of this program, previously existing leases remained in effect. The number of active records in the Company's installed lease base historically decreased at a rate of approximately 30% per year. During 2000, US West notified the Company that US West would no longer permit InteliData to include the lease billing on the US West telephone bills. As such, InteliData has discontinued billing its legacy customers for Caller ID adjunct unit leases in the US West telephone service territory, because the cost of individually billing and pursuing collections for the leases would have made it impractical and uneconomical for the Company to continue the lease program. Accordingly, the results of operations from leasing activities have been reported as discontinued operations.

During the second quarter of 1998, the Company adopted a plan to dispose of its various telecommunications divisions through sale and liquidation. The Company's Caller ID adjunct inventory was sold in May 1998. The Company's Plexus inventory was sold in December 1998. The Company's IPS and Landmark inventory was sold in February 1999.

Discontinued operations consisted of results from the telecommunications division and the Caller ID leasing business for the years ended December 31 (in thousands):

	2001	2000	1999
Discontinued Operations of the Caller ID Business			
Income (loss) from operations, net of income taxes	$ -	$ (262)	$ 2,579
Gain (loss) on disposal, net of income taxes	-	-	-
Total discontinued operations	-	(262)	2,579
Discontinued Operations of the Telecommunications Division			
Income (loss) from operations, net of income taxes	-	-	-
Gain (loss) on disposal, net of income taxes	-	-	3,226
Total discontinued operations	-	-	3,226
Total Discontinued Operations			
Income (loss) from operations, net of income taxes	-	(262)	2,579
Gain (loss) on disposal, net of income taxes	-	-	3,226
Total discontinued operations	$ -	$ (262)	$ 5,805

The net revenues and loss from discontinued operations for the years ended December 31, are as follows (in thousands):

	2001	2000	1999
Discontinued Operations of the Caller ID Business			
Net revenues	$ -	$ 1,531	$ 3,923
Cost of revenues	-	730	1,322
Operating expenses	-	1,068	22
Income (loss) from operations	-	(267)	2,579
Provision (benefit) for income taxes	-	(5)	-
Income (loss) from discontinued operations	-	(262)	2,579
Discontinued Operations of the Telecommunications Division			
Net revenues	$ -	$ -	$ -
Cost of revenues	-	-	-
Operating expenses	-	-	(3,226)
Income (loss) from operations	-	-	3,226
Provision (benefit) for income taxes	-	-	-
Income (loss) from discontinued operations	-	-	3,226
Total Discontinued Operations			
Net revenues	$ -	$ 1,531	$ 3,923
Cost of revenues	-	730	1,322
Operating expenses	-	1,068	(3,204)
Income (loss) from operations	-	(267)	5,805
Provision (benefit) for income taxes	-	(5)	-
Income (loss) from discontinued operations	-	(262)	5,805

The net liabilities of discontinued operations as of December 31, are as follows (in thousands):

	2001	2000
Other current liabilities	$ 204	$ 455
Other noncurrent liabilities	300	300
Total	$ 504	$ 755

Summary of Discontinued Operations

In 2000, the Company experienced a loss of $262,000 in discontinued operations of the Caller ID business, while there was a gain of $2,579,000 in 1999. The loss in 2000 was primarily the result of the Company's write-off of the remaining accounts receivable.

The gain on disposal of the telecommunications and interactive services divisions was $3,226,000 in 1999, which represented adjustments to provisions made in 1998 for items that were a direct result of the decision to dispose of the segment including: favorable settlements with former telecommunications customers, the success of other settlements with vendors and negotiated expense settlements, aggressive collection efforts, and lower than anticipated costs for warranty and customer service expenses attributable to closing down the discontinued operations.

The 1998 loss on disposal of telecommunications and interactive service divisions of $16,174,000 consisted of provisions for items that were a direct result of the decision to dispose of the segment including:

$2,696,000 in expected sales returns, $3,539,000 in property adjustments, $3,010,000 in provisions for customer allowances, and $6,929,000 in actual and expected losses from operations from the measurement date through the date of disposal.

All of the above results are net of applicable income taxes. There was no tax effect in 2000 and 1999 because of the Company's overall net losses and the Company's carryforward net operating losses from prior periods from both continuing and discontinued operations.

(7) STOCKHOLDERS' EQUITY

(a) Issuance and Subsequent Conversion of Preferred Stock and Warrants – On July 22, 1999, the Company issued 600 shares of 4% Convertible Preferred Stock, for net proceeds of $5,670,000. A portion of the proceeds was allocated to warrants to purchase 120,000 shares of InteliData common stock and to the beneficial conversion feature of such preferred stock, with the resulting discount on the preferred stock being amortized as dividends. Each holder of the preferred stock was entitled to convert up to 20% of the preferred stock issued to the holder during each of the four months from and after August 1999. The conversion price for each share of preferred stock was the lesser of $5.09 or 85% of the average of the three lowest closing sales prices per share of InteliData common stock during the 22 trading days preceding the conversion date of the share of preferred stock. In the fourth quarter of 1999, all of the preferred stock was converted to common shares.

The fair value of these 120,000 warrants, which expire five years from the issuance date and have an exercise price of $4.53, was estimated as of the grant date using the Black-Scholes model. The following assumptions were used: no dividend yield, expected volatility of 129%, life of 5 years, and a risk free interest rate of 4.00% per annum. Accordingly, the Company allocated approximately $369,000 to these warrants and the charge was amortized over the period that the preferred stock was outstanding. As of December 31, 2001 and 2000, 101,500 and 104,000 warrants respectively remained outstanding.

(b) Stock Options and Awards – The Company sponsors several stock option and award plans that cover substantially all employees and directors. Options and awards granted under such plans typically vest over periods ranging from one to five years and generally expire in eight and ten years, although some grants provide for vesting in annual increments or allow for accelerated vesting based upon reaching performance milestones.

The Company amortizes the fair value of the stock awards (based on the fair value of common stock on the grant dates multiplied by the number of shares granted) over the respective vesting periods. In 2001, 2000, and 1999, the Company recorded $1,484,000, $578,000, and $405,000 of compensation expense related to these awards.

Options granted under the plans allow the purchase of stock at the fair value of such common stock at the respective grant dates. Because options are issued with exercise prices equal to the fair value of the common stock on the grant dates, the Company does not record any compensation expense for these options.

A summary of stock option activity for each of the Company's stock option plans is as follows:

	Exercise Prices		Number
Description	Minimum	Maximum	of Options
January 1, 1999	$0.63	$20.38	2,981,263
Granted	$1.22	$4.91	2,584,850
Exercised	$1.38	$6.44	(1,250,000)
Canceled	$0.63	$7.13	(1,143,018)
December 31, 1999	$0.69	$20.38	3,173,095
Granted	$2.59	$19.44	805,700
Exercised	$0.81	$14.75	(258,011)
Canceled	$0.97	$12.75	(117,009)
December 31, 2000	$0.69	$19.44	3,603,775
Granted	$1.00	$5.90	1,139,834
Exercised	$0.68	$4.91	(220,000)
Canceled	$0.81	$18.94	(665,482)

December 31, 2001	$0.69	$19.44	3,858,127

The Company applies the intrinsic value method of Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its stock plans. Had compensation cost been determined based on the fair value method of Statement of Financial Accounting Standards No. 123, the Company's results of operation would have been as follows (in thousands, except for per share data) for the years ended December 31:

	2001	2000	1999
Net income (loss)	$ (35,346)	$ 18,836	$ (7,679)
Basic earnings (loss) per common share	$ (0.77)	$ 0.49	$ (0.23)
Diluted earnings (loss) per common share	$ (0.77)	$ 0.46	$ (0.23)

The weighted average fair value of options granted during 2001, 2000, and 1999 was $3.57, $6.85, and $1.53, per share, respectively. The fair value of options granted was estimated on the date of grant using the Black-Scholes option-pricing model. For 2001 year-end, the following weighted average assumptions were used: no dividend yield, expected volatility of 92%, and a risk free interest rate of 4.56% per annum. For 2000 year-end, the following weighted average assumptions were used: no dividend yield, expected volatility of 134%, and a risk free interest rate of 5.16% per annum. For 1999 year-end, the following weighted average assumptions were used: no dividend yield, expected volatility of 156%, and a risk free interest rate of 5.5% per annum.

The Company has options outstanding and exercisable in varying price ranges. The schedule below details the Company's options by price range:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Of Options	Weighted Average Life	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$ 0.000 - 1.000	212,833	3.0 years	$ 1.00	199,333	$ 1.00
1.001 - 1.500	1,805,085	6.1 years	1.22	1,298,035	1.21
1.501 - 2.000	65,000	5.7 years	1.94	64,000	1.95
2.001 - 2.500	39,125	5.2 years	2.27	33,875	2.27
2.501 - 3.000	263,145	6.4 years	2.98	112,025	2.98
3.001 - 5.000	921,475	7.0 years	4.23	74,558	3.76
5.001 -10.000	525,534	6.2 years	6.93	260,436	7.17
10.001 -21.375	25,930	5.1 years	14.96	18,450	15.62
	3,858,127			2,060,712	

(c) *Employee Stock Purchase Plan* – Under the Employee Stock Purchase Plan, approved in 1996, the Company is authorized to issue up to 500,000 shares of common stock to its full-time employees, nearly all of who are eligible to participate. Under the terms of the Plan, employees can choose each period to have up to twenty percent of their annual base earnings withheld to purchase the Company's common stock. The purchase price of the stock is 85 percent of the lower of its beginning-of-period or end-of-period market price. During the years ended December 31, 2001, 2000, and 1999 the Company issued 28,822, 30,318, and 23,259, shares of stock under the Plan, respectively.

(d) *Treasury Stock* – In 2001 and 2000, the Company paid $41,000 and $59,000 to acquire an additional 15,632 and 9,212 shares of its own common stock, respectively. These shares were surrendered by employees of the Company to satisfy tax-withholding obligations associated with the vesting of certain restricted stock awards. Additionally, the Company participated in a program permitted by the Securities and Exchange Commission and Nasdaq to buy-back 100,000 shares of its common stock shortly after the events surrounding the terrorist attacks in September 2001 for a total of $309,000. As of December 31, 2001 and 2000, the Company had a total of 806,344 and 690,712 common shares in treasury at an aggregate cost of $2,473,000 and $2,123,000, respectively.

(e) *Stockholder Rights Plan* – In January 1998, the Company's Board of Directors adopted a Stockholder Rights Plan. This plan was amended on May 24, 2000. The rights are designed to assure that all the Company's

stockholders receive fair and equal treatment in the event of any proposed takeover of the Company and to guard against partial tender offers, open market accumulations and other tactics to gain control of the Company without paying all stockholders a control premium.

Terms of the Stockholder Rights Plan provide for a dividend distribution of one right for each share of common stock to holders of record at the close of business on February 6, 1998. Shareholders will be able to exercise the rights only in the event, with certain exceptions, an acquiring party accumulates 20 percent or more of the Company's voting stock, or if a party (an acquiring person) announces an offer to acquire 20 percent or more without prior approval of the Company's Board of Directors. The rights will expire on January 21, 2008. Each right initially will entitle the holder to buy one one-thousandth of a share of a new series of preferred stock at a price of $42.50.

In addition, upon the occurrence of certain events, holders of the rights will be entitled to purchase either the Company's common stock or shares in an acquiring person at half of market value. Further, at any time after a person or group acquires 20 percent or more of the Company's outstanding voting stock, the board of directors may, at its option, exchange part or all of the rights (other than rights held by the acquiring person, which will become void) for shares of the Company's common stock on a one-for-one basis. The rights will therefore cause substantial dilution to a person or group that acquires 20 percent or more of the Company's common stock on terms not approved by the board.

(f) *Stock Warrants* – In 2000, the Company entered into a five-year agreement with an unrelated party, whereby the Company issued warrants to this entity in exchange for the entity's becoming a premier reference site for InteliData's service bureau offering. As a premier reference site, the entity would make its facility and personnel reasonably accessible for InteliData, InteliData's potential clients, analysts, and industry publication reporters, in order to demonstrate or answer questions regarding a service bureau environment and InteliData's capabilities. On June 30, 2000, InteliData issued five-year, fully-vested warrants to purchase 50,000 share of InteliData common stock at an exercise price of $4.75 per share. The fair value of these warrants was estimated as of the grant date using the Black-Scholes model. The following assumptions were used: no dividend yield, expected volatility of 143%, life of 2 years, and a risk free interest rate of 6.44% per annum. Accordingly, the Company recorded approximately $419,000 of deferred compensation that is being amortized over the term of this agreement. For the years ended December 31, 2001 and 2000, the expense charged related to these warrants were $80,000 and $60,000, respectively. As of December 31, 2001, all of these warrants were still outstanding.

(g) *Private Placement and Warrants* – In November and December 2001, the Company closed private placement sales of an aggregate of 2,862,727 shares of its common stock for a price of $2.75 per share, and warrants exercisable for the purchase of 1,431,364 shares of its common stock, at an exercise price of $2.75 per share, resulting in a gross proceeds of approximately $7,872,500. The placement agent in the transaction, Stonegate Securities, received approximately $472,350 in commissions and warrants exercisable for the purchase of 286,273 shares of InteliData's common stock, at an exercise price of $2.75 per share.

(8) EMPLOYEE 401(k) SAVINGS PLAN

The Company sponsors a defined contribution plan ("Plan") that qualifies for tax treatment under Section 401(a) of the Internal Revenue Code. Participation in the Plan is available to employees who are at least twenty-one years of age. Company contributions to the Plan are based on a percentage of employee contributions. The Company contributed $153,000, $89,000, and $60,000 in 2001, 2000, and 1999, respectively. The Company also pays for administrative expenses incurred by the Plan.

(9) INCOME TAXES

A reconciliation of taxes computed at the statutory federal tax rate on earnings (loss) before income taxes (from continuing operations) to actual income taxes for the years ended December 31, is as follows (in thousands):

	2001	2000	1999
Income tax liability (benefit) computed at the statutory rate	$(10,570)	$ 8,543	$ (1,792)
Other	1,264	85	61
Change in valuation allowance	9,146	(8,140)	1,731

Income taxes	$ (160)	$ 488	$ —

The balance of $160,000 represents the current federal income tax provision. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2001 and 2000, are as follows (in thousands):

	2001	2000
Net operating loss carryforwards	$ 67,501	$ 36,140
Basis differences in investments	(936)	(3,466)
Basis differences in intangibles	(3,549)	—
Accounts receivable	365	252
Property and equipment	(157)	(64)
General business credit carryforward	489	489
Other	190	488
Alternative minimum tax credit carryforward	197	241
Total gross deferred tax asset	64,100	34,080
Valuation allowance	(64,100)	(34,080)
Net deferred tax assets	$ —	$ —

The net changes in the total valuation allowance for the years ended December 31, 2001, 2000, and 1999 were an increase (decrease) of $30,020,000, $(8,140,000), and $602,000, respectively. A valuation allowance was established for deferred tax assets as of December 31, 2001 and 2000 because it was deemed, based on available evidence, that it is more likely than not that all of the deferred tax asset will not be realized.

At December 31, 2001, the Company had net operating loss carryforwards for federal income tax purposes of approximately $193 million, which expire in 2008 through 2021, general business tax credits of approximately $489,000, which expire in 2005 through 2010, and an alternative minimum tax credit carryforward of approximately $197,000, which may be carried forward indefinitely and used to offset future regular taxable income. Annual use of net operating loss carryforwards of approximately $45 million, which was incurred by Home Account prior to its acquisition by the Company, will be limited under the Internal Revenue Code as a result of cumulative changes in ownership of more than 50% in 2001.

(10) COMMITMENTS AND CONTINGENCIES

(a) Leases – The Company leases facilities and equipment under cancelable and noncancelable operating lease agreements. The facility leases are for terms from one to five years. Rent expense was $1,436,000, $735,000, and $483,000 for the years ended December 31, 2001, 2000, and 1999, respectively.

Future minimum lease payments under noncancelable operating leases with initial or remaining terms in excess of one year at December 31, 2001, were as follows (in thousands):

Years Ending December 31,	
2002	$ 1,157
2003	1,012
2004	808
2005	411
2006	330
2007 and thereafter	—
Total minimum lease payments	$ 3,718

(b) Patent Matters – The Company does not believe that its products and services infringe on the rights of third parties. From time to time, third parties assert infringement claims against InteliData. There can be no assurance that any such assertion will not result in costly litigation or require the Company to cease using, or obtain a license to use, intellectual property rights of such parties.

(c) Litigation – The Company is not currently a party to any material litigation. From time to time, the Company is a party to routine litigation incidental to its business. Management does not believe that the resolution

of any or all of such routine litigation will be likely to have a material adverse effect on the Company's financial condition or results of operations.

(11) VALUATION AND QUALIFYING ACCOUNTS

The components of significant valuation and qualifying accounts associated with accounts receivable for the years ended December 31, 2000 and 1999 were as follows (in thousands):

Balance, January 1, 1999	$ 442
Recoveries	—
Charged to costs and expenses	276
Write-offs	—
Balance, December 31, 2000	718
Recoveries	150
Charged to costs and expenses	1,090
Write-offs	(914)
Balance, December 31, 2001	$ 1,044

As part of the Home Account acquisition during the year, the Company acquired certain accounts receivables that were outstanding as of the acquisition date. The Company pursued collections efforts, but ultimately determined that some of these accounts were uncollectible. Such doubtful accounts related to these acquired assets cannot be adjusted as part of the purchase price allocation, but the bad debt expense must be recognized as current operations. During 2001, the Company recorded costs associated with these particular sets of uncollectible accounts in the amount of $1,090,000 and began to write off some accounts. Additionally, the Company wrote off some previously reserved legacy InteliData accounts.

(12) ACQUISITION OF HOME ACCOUNT

On January 11, 2001, the Company acquired Home Account Holdings, Inc. ("Home Account") and its operating subsidiary, Home Account Network, Inc., pursuant to an agreement and plan of merger whereby a wholly-owned subsidiary of the Company merged with and into Home Account, with Home Account surviving the merger as the Company's wholly-owned subsidiary. This acquisition was accounted for as a purchase. Following the Company's acquisition of Home Account, InteliData provides a suite of UNIX-based electronic banking and electronic bill presentment and payment ("EBPP") products and services in an application services provider ("ASP") environment.

Pursuant to the merger agreement, the Company purchased Home Account for approximately $320,000 in cash and 6,900,000 shares of Company common stock and the merger was accounted for as a purchase. The purchase price was the result of an arm's-length negotiation between the Company and Home Account, based on the Company's evaluation of the fair market value of Home Account's business, including its revenues. The value of the shares issued as part of the purchase consideration of approximately $29,011,000 was measured based on the average of the market price of the issued common stock a few days before and after January 11, 2001 – the date that the merger transaction was agreed to and announced. This amount coupled with the liability associated with the Home Account Incentive Plan of $2,946,000 (see below) resulted in an increase of $31,957,000 in the accompanying statement of changes in stockholders' equity. The total purchase price of approximately $31,186,000 consisted of the following (in thousands):

Consideration and acquisition costs:	
Value of shares issued	$ 29,011
Cash consideration	320
Acquisition costs	1,855
	$ 31,186

The assets acquired and liabilities assumed were recorded at estimated fair values as determined by the Company's management based on information currently available and on current assumptions as to future operations. The Company has obtained independent professional services for the purchase price allocation to the

fair values of the acquired property, plant and equipment, and identified intangible assets, and their remaining useful lives and has completed its review and determination of the fair values of the other assets acquired and liabilities assumed. A summary of the assets acquired and liabilities assumed in the acquisition follows (in thousands):

Allocation of purchase price:	
Current assets	$ 1,562
Property, plant and equipment	1,743
Intangibles (straight-line amortization, 8 to 10 years)	11,400
Liabilities assumed and other	(4,344)
Liabilities associated with Home Account Incentive Plan	(2,946)
Acquisition integration liabilities	(1,822)
Goodwill (straight-line amortization, 8 years)	25,593
	$ 31,186

Intangible assets consist of $4,200,000 for assembled workforce (which has an estimated useful life of eight years) and $7,200,000 for contracts/relationships (which has an estimated useful life of ten years). Assembled workforce was determined based on the number of Home Account employees, function, compensation, fringe benefits, recruiting costs, training, and other factors. Contracts/relationships was determined based on the history of low attrition, the high cost of switching, market prices, forecasted revenues, evaluation of competitors, and other factors.

As a result of the acquisition of Home Account, InteliData incurred acquisition expenses for costs to exit certain activities at Home Account locations and to involuntarily terminate employees of the acquired company. Generally accepted accounting principles require that these acquisition integration expenses, which are not associated with the generation of future revenues, have no future economic benefit and which meet certain other criteria, be reflected as assumed liabilities in the allocation of the purchase price to the net assets acquired. The components of the acquisition integration liabilities balance of $1,822,000 included in the purchase price allocation are approximately $1,010,000 for lease costs for the now vacated Home Account headquarters in Emeryville, California, and $822,000 related to workforce reduction. As of December 31, 2001, the Company had a remaining liability of $777,000 associated with such lease costs, of which $237,000 is current and $540,000 is noncurrent.

The workforce reductions focused on three key areas: 1) streamlining development efforts, 2) eliminating redundant administrative overhead and support activities, and 3) restructuring and repositioning of the sales/marketing and research and development organizations to eliminate redundancies in these activities. As of December 31, 2001, 87 positions have been terminated and approximately $822,000 had been paid.

The following pro forma financial information presents the combined results of operations of InteliData Technologies Corporation and Home Account Holdings, Inc. and gives effect to the acquisition of Home Account as if it occurred on January 1, 1999. The pro forma condensed combined financial information set forth below reflects certain adjustments, including among others, adjustments to reflect the amortization of the goodwill associated with the acquisition. However, pro forma results do not include any anticipated cost savings. The pro forma condensed combined financial information for the years ended December 31, 2001, 2000, and 1999, set forth below neither purports to represent what the consolidated results of operations or financial condition of InteliData would actually have been if the Home Account acquisition had in fact occurred on such date nor projects the future consolidated results of operations or financial condition of InteliData (in thousands, except for per share data):

	2001	2000	1999
Revenue	$ 18,296	$ 13,551	$ 10,678
Net (loss) income	(33,683)	1,345	(23,182)
Basic net (loss) income per share	(0.73)	0.03	(0.58)
Diluted net (loss) income per share	(0.73)	0.03	(0.58)

Pro forma basic net income (loss) per share was computed using the weighted-average number of shares of common stock outstanding after the issuance of InteliData's common stock to acquire the outstanding shares of Home Account. Pro forma diluted net income (loss) per share also gives effect to any dilutive options. Options and warrants are excluded from the computation during loss periods, as their effect is anti-dilutive.

(13) Home Account Incentive Plan

In 2000, Home Account approved the 2000 Incentive Plan to encourage the retention of certain officers of Home Account through a change of control transaction, and after such a transaction to the extent, up to one year, as desired by the acquirer. Upon acquisition of Home Account by an acquirer, the 2000 Incentive Plan provided for the granting to plan participants of an aggregate of 15% of the net amount of the merger consideration allocable to Home Account's preferred stockholders after payment of the debt preference and other expenses associated with a transaction. Under the InteliData and Home Account merger transaction, this incentive plan is payable in the form of InteliData common stock and such payments are to be made by the group of former Home Account preferred stockholders (who are collectively considered as a "principal stockholder"). Two-thirds of the 2000 Incentive Plan allocation vested on the transaction closing date and represent a pre-acquisition expense to Home Account. In connection with the merger transaction, the Company agreed to advance the participants funds to pay for their tax withholding obligations associated with the two-thirds portion. The original principal amount of this receivable balance was approximately $1,116,000. The shares allocable to the participants were placed in an escrow account and are released to the Home Account Stockholders' Representative in accordance with the Merger Consideration Escrow Agreement. As of December 31, 2001, the remaining outstanding receivable balance, including interest, was approximately $466,000 and is reflected in the "Other receivable" balance. On February 4, 2002, the remaining outstanding balance plus additional interest accrued was paid in full.

The remaining one-third of the participants' allocation vested on January 11, 2002 (one year from the transaction closing date). All forfeited shares reverted to the preferred stockholders of Home Account. In connection with the 2000 Incentive Plan allocation, the deferred compensation for the one-third portion is estimated to be $349,000 based on $2.83 (the closing price of the Company's common stock at December 31, 2001) and is charged to expense over the vesting period. For the year ended December 31, 2001, the Company recorded compensation expense of approximately $339,000.

(14) EARNINGS PER SHARE

Basic earnings (loss) per share ("EPS") are calculated using the weighted-average number of shares of common stock outstanding during each period. Diluted EPS reflect the dilutive effect of stock options and stock awards granted to employees under stock-based compensation plans, as well as stock warrants. Basic and diluted earnings per share are calculated as follows (in thousands, except per share data):

	2001	2000	1999
Basic EPS			
Income (loss) from continuing operations	$ (30,041)	$ 23,920	$ (9,636)
Weighted-average common shares outstanding	45,897	38,237	33,367
Basic earnings (loss) per share from continuing operations	$ (0.65)	$ 0.63	$ (0.29)
Diluted EPS			
Income (loss) from continuing operations	$ (30,041)	$ 23,920	$ (9,636)
Weighted-average common shares outstanding	45,897	38,237	33,367
Effect of dilutive securities:			
Stock options and awards	-	2,551	-
Stock warrants	-	55	-
Weighted-average dilutive common shares outstanding	45,897	40,483	33,367
Diluted earnings (loss) per common share from continuing operations	$ (0.65)	$ 0.59	$ (0.29)

Options to purchase 869,000 shares of common stock at a range of $4.25 to $19.44 were outstanding during 2000, but were not included in the computation of diluted earnings per share, because the options' exercise prices were greater than the average market price of the common share.

(15) UNAUDITED QUARTERLY FINANCIAL DATA

The results of the Company's quarterly operations for the years ended December 31, 2001 and 2000 are set forth in the following table (in thousands, except per share data).

	First	Second	Third	Fourth	Year
2001					
Revenues	$ 3,151	$ 4,355	$ 5,307	$ 5,483	$ 18,296
Cost of revenues	1,902	2,117	2,421	2,570	9,010
Operating expenses	11,048	10,908	10,366	7,302	39,624
Operating loss	(9,799)	(8,670)	(7,480)	(4,389)	(30,338)
Other income (expense)	522	375	(1,475)	715	137
Provision (benefit) for income taxes	–	–	(160)	–	(160)
Income (loss) from continuing operations	(9,277)	(8,295)	(8,795)	(3,674)	(30,041)
Income (loss) from discontinued operations	–	–	–	–	–
Net income (loss)	$ (9,277)	$ (8,295)	$ (8,795)	$ (3,674)	$ (30,041)
Basic earnings per common share					
Income (loss) from continuing operations	$ (0.21)	$ (0.18)	$ (0.19)	$ (0.08)	$ (0.65)
Income (loss) from discontinued operations	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ (0.21)	$ (0.18)	$ (0.19)	$ (0.08)	$ (0.65)
Diluted earnings per common share					
Income (loss) from continuing operations	$ (0.21)	$ (0.18)	$ (0.19)	$ (0.08)	$ (0.65)
Income (loss) from discontinued operations	0.00	0.00	0.00	0.00	0.00
Net income (loss)	$ (0.21)	$ (0.18)	$ (0.19)	$ (0.08)	$ (0.65)
Weighted-average common shares outstanding					
Basic	44,580	45,249	45,521	46,866	45,987
Diluted	44,580	45,249	45,521	46,866	45,987
2000					
Revenues	$ 1,784	$ 1,199	$ 1,516	$ 602	$ 5,101
Cost of revenues	574	933	850	363	2,720
Operating expenses	4,902	6,715	7,103	8,979	27,699
Operating loss	(3,692)	(6,449)	(6,437)	(8,740)	(25,318)
Other income (expense)	42,756	1,555	4,170	1,245	49,726
Provision (benefit) for income taxes	790	(100)	(57)	(145)	488
Income (loss) from continuing operations	38,274	(4,794)	(2,210)	(7,350)	23,920
Income (loss) from discontinued operations	417	(51)	(633)	5	(262)
Net income (loss)	$ 38,691	$ (4,845)	$ (2,843)	$ (7,345)	$ 23,658
Basic earnings per common share					
Income (loss) from continuing operations	$ 1.00	$ (0.13)	$ (0.05)	$ (0.19)	$ 0.63
Income (loss) from discontinued operations	0.01	0.00	(0.02)	0.00	(0.01)
Net income (loss)	$ 1.01	$ (0.13)	$ (0.07)	$ (0.19)	$ 0.62
Diluted earnings per common share					
Income (loss) from continuing operations	$ 0.93	$ (0.13)	$ (0.05)	$ (0.19)	$ 0.59
Income (loss) from discontinued operations	0.01	0.00	(0.02)	0.00	(0.01)
Net income (loss)	$ 0.94	$ (0.13)	$ (0.07)	$ (0.19)	$ 0.58
Weighted-average common shares outstanding					
Basic	38,147	38,173	38,265	38,349	38,237
Diluted	40,955	38,173	38,265	38,349	40,843

* * * * * *

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
InteliData Technologies Corporation
Reston, Virginia

We have audited the accompanying consolidated balance sheets of InteliData Technologies Corporation and subsidiaries (the "Company") as of December 31, 2001 and 2000, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of InteliData Technologies Corporation and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

McLean, Virginia
February 20, 2002

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Company incorporates herein by reference the information concerning directors contained in its Proxy Statement for its 2002 Stockholders' Meeting to be filed within 120 days after the end of the Company's fiscal year (the "2002 Proxy Statement").

Beneficial Ownership Reporting – The Company incorporates herein by reference the information required by Item 405 of Regulation S-K contained in its 2002 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The Company incorporates herein by reference the information concerning executive compensation contained in the 2002 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Company incorporates herein by reference the information concerning security ownership of certain beneficial owners and management contained in the 2002 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company incorporates herein by reference the information concerning certain relationships and related transactions contained in the 2002 Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. FINANCIAL STATEMENTS – See Item 8 of this Report

2. FINANCIAL STATEMENT SCHEDULES – None

3. EXHIBITS

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated January 11, 2001, by and among InteliData Technologies Corporation, InteliData Merger Sub, Inc., Home Account Holdings, Inc., and Edward F. Glassmeyer and Ronald Terry, each in his capacity as representative of the stockholders of Home Account. (Incorporated herein by reference to the Current Report on Form 8-K filed with the Commission on January 26, 2001).
3.1	Certificate of Incorporation of InteliData Technologies Corporation. (Incorporated herein by reference to Appendix IV to the Joint Proxy Statement/Prospectus included in the Registration Statement on Form S-4 filed with the Commission on August 29, 1996, as amended, File Number 333-11081).
3.1.1	Amendment to the Certificate of Incorporation. (Incorporated herein by reference to the Company's Registration Statement on Form S-8, File Number 333-93227).

3.2 Bylaws of InteliData Technologies Corporation. (Incorporated herein by reference to Appendix V to the Joint Proxy Statement /Prospectus included in the Registration Statement on Form S-4 filed with the Commission on August 29, 1996, as amended, File Number 333-11081).

4.1 Rights Agreement, dated as of January 21, 1998, by and between the Company and American Stock Transfer & Trust Company, as Rights Agent. (Incorporated herein by reference to the Registration Statement on Form 8-A filed with the Commission on January 26, 1998).

4.1.1 Amendment No. 1 dated May 24, 2000 to the Rights Agreement, dated as of January 21, 1998, by and between the Company and American Stock Transfer & Trust Company, as Rights Agent. (Incorporated herein by reference to the Current Report on Form 8-A/A filed with the Commission on July 6, 2000).

4.2 Registration Rights Agreement, dated January 11, 2001, by and among InteliData Technologies Corporation and the holders of common stock listed on Exhibit A attached thereto. (Incorporated herein by reference to the Current Report on Form 8-K filed with the Commission on January 26, 2001).

4.3 Form of Subscription Agreement, by and among the Company and the selling stockholders, including as Appendix I thereto, a Registration Rights Agreement. (Incorporated herein by reference to the Company's Registration Statement on Form S-3, File Number 333-75146).

4.4 Form of Warrant Certificate. (Incorporated herein by reference to the Company's Registration Statement on Form S-3, File Number 333-75146).

10.1 Description of InteliData Technologies Corporation Merger Stock Compensation Plan. (Incorporated herein by reference to the Company's Registration Statement on Form S-8, File Number 333-76631).

10.2 InteliData Technologies Corporation 1996 Incentive Plan. (Incorporated herein by reference to the Company's Registration Statement on Form S-8, File Number 333-16115).

10.2.1 Description of Amendment to the 1996 Incentive Plan. (Incorporated herein by reference to the Company's Proxy Statement filed with the Commission on August 6, 1999).

10.2.2 Description of Amendment to the 1996 Incentive Plan. (Incorporated herein by reference to the Company's Proxy Statement filed with the Commission on April 24, 2000).

10.2.3 Description of Amendment to the 1996 Incentive Plan. (Incorporated herein by reference to the Company's Proxy Statement filed with the Commission on April 20, 2001).

10.3 InteliData Technologies Corporation Non-Employee Directors' Stock Option Plan. (Incorporated herein by reference to the Company's Registration Statement on Form S-8, File Number 333-16117).

10.4 InteliData Technologies Corporation Employee Stock Purchase Plan. (Incorporated herein by reference to the Company's Registration Statement on Form S-8, File Number 333-16121).

10.5 Employment Agreement dated April 5, 1999 between InteliData Technologies Corporation and Alfred S. Dominick, Jr. (Incorporated herein by reference to the Company's Report on Form 10-Q for the quarter ended March 31, 1999).

10.5.1 InteliData Technologies Corporation 1998 Chief Executive Officer's Plan. (Incorporated herein by reference to Exhibit 10 to the Company's Report on Form 10-K for the year ended December 31, 1999).

10.6 Employment and Non-Competition Agreement dated December 17, 1997 between InteliData Technologies Corporation and Albert N. Wergley. (Incorporated herein by reference to Exhibit 10 to the Company's Report on Form 10-K for the year ended December 31, 1997).

10.6.1 Amendment to the Employment and Non-Competition Agreement between InteliData Technologies Corporation and Albert N. Wergley, dated June 14, 1999. (Incorporated herein by reference to Exhibit 10 to the Company's Report on Form 10-K for the year ended December 31, 1999).

10.7 Employment and Non-Competition Agreement between InteliData Technologies Corporation and Michael E. Jennings, dated June 14, 2000 (Incorporated herein by reference to Exhibit 10 to the Company's Report on Form 10-Q for the quarter ended September 30, 2000).

10.8 Employment and Non-Competition Agreement between InteliData Technologies Corporation and William F. Gorog, dated November 1, 2000 (Incorporated herein by reference to Exhibit 10 to the Company's Report on Form 10-Q for the quarter ended September 30, 2000).

10.9 Employment and Non-Competition Agreement between InteliData Technologies Corporation and Steven P. Mullins, dated November 1, 2000 (Incorporated herein by reference to Exhibit 10 to the Company's Report on Form 10-Q for the quarter ended September 30, 2000).

10.10 Employment and Non-Competition Agreement between InteliData Technologies Corporation and Charles A. White, dated January 11, 2001 (Incorporated herein by reference to Exhibit 10 to the Company's Report on Form 10-Q for the quarter ended June 30, 2001).

10.11 Merger Consideration Escrow Agreement, dated January 11, 2001, by and among InteliData Technologies Corporation, Home Account Holdings, Inc., Edward Glassmeyer and Ronald Terry, each in his capacity as representative of the stockholders of Home Account, and SunTrust Bank, Richmond, Virginia, as Escrow Agent. (Incorporated herein by reference to the Current Report on Form 8-K filed with the Commission on January 26, 2001).

10.12 Indemnity Escrow Agreement, dated January 11, 2001, by and among InteliData Technologies Corporation, Home Account Holdings, Inc., Edward Glassmeyer and Ronald Terry, each in his capacity as representative of the stockholders of Home Account, and SunTrust Bank, Richmond, Virginia, as Escrow Agent. (Incorporated herein by reference to the Current Report on Form 8-K filed with the Commission on January 26, 2001).

10.13 Note and Fee Exchange Agreement, dated January 11, 2001, by and among InteliData Technologies Corporation, Home Account Holdings, Inc., U.S. Bancorp Piper Jaffray and the persons listed on Exhibit A thereto. (Incorporated herein by reference to the Current Report on Form 8-K filed with the Commission on January 26, 2001).

* 21.1 InteliData Technologies Corporation List of Significant Subsidiaries.

* 23.1 Consent of Deloitte & Touche LLP.

---

* filed herewith

(b) REPORTS ON FORM 8-K

The Company filed a Current Report on Form 8-K with the Securities and Exchange Commission on November 28, as amended on December 6, 2001, relating to InteliData's private placement sale of an aggregate of 2,862,727 shares of its common stock for a price of $2.75 per share, and warrants exercisable for the purchase of 1,431,350 shares of its common stock, at an exercise price of $2.75 per share, resulting in gross proceeds of approximately $7,872,500. The placement agent in the transaction received approximately $472,350 in commissions and warrants exercisable for the purchase of 286,273 shares of InteliData's common stock, at an exercise price of $2.75 per share.

* * * * * *

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTELIDATA TECHNOLOGIES CORPORATION

By: /s/ Alfred S. Dominick, Jr.
Alfred S. Dominick, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Alfred S. Dominick, Jr. **Alfred S. Dominick, Jr.**	President, Chief Executive Officer, and Director	March __, 2002
/s/ William F. Gorog **William F. Gorog**	Chairman of the Board and Director	March __, 2002
/s/ Steven P. Mullins **Steven P. Mullins**	Vice President, Chief Financial Officer, and Treasurer (Principal Financial and Accounting Officer)	March __, 2002
/s/ Neal F. Finnegan **Neal F. Finnegan**	Director	March __, 2002
/s/ Patrick F. Graham **Patrick F. Graham**	Director	March __, 2002
/s/ John J. McDonnell, Jr. **John J. McDonnell, Jr.**	Director	March __, 2002
/s/ L. William Seidman **L. William Seidman**	Director	March __, 2002
/s/ Norman J. Tice **Norman J. Tice**	Director	March __, 2002
/s/ Charles A. White **Charles A. White**	Director	March __, 2002

Appendix D

(Petition to Make Special)

APPENDIX D - CLAIM CHART (CLAIMS 1 AND 21)

Claimed Feature:	"Chase Pact Done, What's Next For Web Vendors" Article **(Appendix A)**	"Investors Worry That CheckFree Being Chased From Its Own Game" Article **(Appendix B)**	Intelidata Technologies Corporation - 2001 SEC Annual Report **(Appendix C)**
1. A system for managing transactions, comprising:	J.P. Morgan Chase & Co. says the completion of its new online banking platform for retail and small-business customers -- which was heralded last week in a press release by Corillian Corp. -- was the culmination of a two-year process. (See page 1A, paragraph 1)	To make matters worse, Wells, which is CheckFree's second-largest customer, is building its own in-house service platform, something that was previously outsourced to CheckFree. (See page 1B, paragraph 3)	Further, the Company completed its next generation of payment system products (InteliWorks^{TM} CSP)… (See page 3, paragraph 7) -AND- The Interpose Payment Warehouse gives FI's the option of Least Cost Routing^{TM}. (See page 6, last paragraph)
a first interface for communicating first information regarding at least one payment source;	In a long series of focus group meetings, different client segments -- including retail customers, small businesses, and the affluent -- described what they wanted from online banking, Mr. Shah said in an interview Friday. "Then we look at our own internal architecture," to be sure that the Web applications would mesh with the information systems that serve the company's branches, automated teller machines, and call centers. In the focus groups, consumers said they wanted easier navigation and rich payment options, while small	Now, when a Wells Fargo customer pays a bill online, the bank will send the payment request to one of several vendors, according to price. (See page 1B, paragraph 2) Wells' new system will keep all of the customer information and payment warehouse operations in-house and send a payment request to the lowest cost payment processor, according to Scharf. (See page 2B, paragraph 4)	Further, the Company completed its next generation of payment system products (InteliWorks^{TM} CSP), which were designed to provide FI's with the ability to connect to payment switches, receive presented bills and pay bills in the least costly manner. InteliWorks^{TM} CSP was certified with Spectrum, a payment switch established by JP Morgan Chase, Wells Fargo and Wachovia/First Union, in September 2001 and was the first such product to be certified. (See page 3, paragraph 7) -AND-

Claimed Feature:	“Chase Pact Done, What’s Next For Web Vendors” Article **(Appendix A)**	“Investors Worry That CheckFree Being Chased From Its Own Game” Article **(Appendix B)**	Intelidata Technologies Corporation - 2001 SEC Annual Report **(Appendix C)**
	businesses wanted improved integration with their general ledger and bookkeeping operations, Mr. Shah said. (See page 1A, paragraphs 4 and 5)		The Interpose® Payment Processor is a comprehensive payment warehousing and routing solution designed to give the FI’s control of their electronic bill payment program. Using Interpose, FI’s can: mix-and-match multiple payment options and processors, offer customers a variety of interface options - scheduling and modifying payments from the PC, Internet, or telephone, and warehouse bill payment information and mine customer data to expand relationships. (See page 7, lines 5-10)
a second interface for communicating second information regarding at least one payee account; and	The improved payment function, for instance, uses a computerized "routing engine" to find the cheapest and most effective way to deliver payments -- whether "on-us," through the automated clearing house system, or through outsourcers like CheckFree Corp. or Metavante Corp., a subsidiary of Marshall & Ilsley Corp. Regardless of the mechanism for a given payment, "as we do this,	The new pact provides for per-transaction rather than per-customer fees and opens the whole system up to greater competition. Now, when a Wells Fargo customer pays a bill online, the bank will send the payment request to one of several vendors, according to price. And those vendors now include CheckFree rivals Mastercard and Metavante and even Wells Fargo itself. (See page 1B, paragraph 2	To achieve these savings, the FI’s must utilize a Payment Warehouse, a biller directory and a Least Cost Routing™ gateway, all of which InteliData offers through a license arrangement or on an ASP environment. (See page 4, paragraph 1) -AND- The Interpose® Payment Processor is a comprehensive payment warehousing and routing solution

Claimed Feature:	"Chase Pact Done, What's Next For Web Vendors" Article **(Appendix A)**	"Investors Worry That CheckFree Being Chased From Its Own Game" Article **(Appendix B)**	Intelidata Technologies Corporation - 2001 SEC Annual Report **(Appendix C)**
	nowhere do we take away our ownership of the issue," Mr. Shah said. (See page 1A, paragraphs 7 and 8)	[the claimed "second interface" feature is necessary and inherent in Wells Fargo's system.]) Wells' new system will keep all of the customer information and payment warehouse operations in-house and send a payment request to the lowest cost payment processor, according to Scharf. (See page 2B, paragraph 4)	designed to give the FI's control of their electronic bill payment program. Using Interpose, FI's can: mix-and-match multiple payment options and processors, offer customers a variety of interface options - scheduling and modifying payments from the PC, Internet, or telephone, and warehouse bill payment information and mine customer data to expand relationships. (See page 7, lines 5-10)
a processor, communicating with the first interface and the second interface, the processor selectably directing a transmission of funds from the at least one payment source to the at least one payee account based on an optimization determination.	The improved payment function, for instance, uses a computerized "routing engine" to find the cheapest and most effective way to deliver payments -- whether "on-us," through the automated clearing house system, or through outsourcers like CheckFree Corp. or Metavante Corp., a subsidiary of Marshall & Ilsley Corp. (See page 1A, paragraph 7)	The new pact provides for per-transaction rather than per-customer fees and opens the whole system up to greater competition. Now, when a Wells Fargo customer pays a bill online, the bank will send the payment request to one of several vendors, according to price. And those vendors now include CheckFree rivals Mastercard and Metavante and even Wells Fargo itself. (See page 1B, paragraph 2) Wells' new system will keep all of the customer information and	Banks who implement our system are able to use our Least Cost Routing™ capabilities to save a potentially significant amount on remittance expense. Transactions routed by our Least Cost Routing™ software to Spectrum or MasterCard RPPS should result in substantial savings compared to what the market currently charges for such transactions through other service providers. (See page 3, paragraph 8) -AND- The Interpose® Payment

Claimed Feature:	"Chase Pact Done, What's Next For Web Vendors" Article **(Appendix A)**	"Investors Worry That CheckFree Being Chased From Its Own Game" Article **(Appendix B)**	Intelidata Technologies Corporation - 2001 SEC Annual Report **(Appendix C)**
		payment warehouse operations in-house and send a payment request to the lowest cost payment processor, according to Scharf. (See page 2B, paragraph 4)	Warehouse provides a software solution to FI's that automates bill payment processing, while giving FI's the benefit of tracking payment activity and integrating delivery channels. The Interpose Payment Warehouse gives FI's the option of Least Cost Routing™. This enables FI's to outsource as much or as little of the electronic payment volume as they choose. This permits FI's to … capitalize on Least Cost Routing™ of payments. (See page 6, last paragraph - page 7)
21. A method for managing transactions, comprising:	J.P. Morgan Chase & Co. says the completion of its new online banking platform for retail and small-business customers -- which was heralded last week in a press release by Corillian Corp. -- was the culmination of a two-year process. (See page 1A, paragraph 1)	To make matters worse, Wells, which is CheckFree's second-largest customer, is building its own in-house service platform, something that was previously outsourced to CheckFree. (See page 1B, paragraph 3)	Further, the Company completed its next generation of payment system products (InteliWorks™ CSP)… (See page 3, paragraph 7) -AND- The Interpose® Payment Warehouse provides a software solution to FI's that automates bill payment processing, while giving FI's the benefit of tracking payment activity and integrating delivery channels. The Interpose Payment Warehouse gives FI's the option of

Claimed Feature:	"Chase Pact Done, What's Next For Web Vendors" Article **(Appendix A)**	"Investors Worry That CheckFree Being Chased From Its Own Game" Article **(Appendix B)**	Intelidata Technologies Corporation - 2001 SEC Annual Report **(Appendix C)**
			Least Cost Routing™. (See page 6, last paragraph)
a) communicating first information regarding at least one payment source;	In a long series of focus group meetings, different client segments -- including retail customers, small businesses, and the affluent -- described what they wanted from online banking, Mr. Shah said in an interview Friday. "Then we look at our own internal architecture," to be sure that the Web applications would mesh with the information systems that serve the company's branches, automated teller machines, and call centers. In the focus groups, consumers said they wanted easier navigation and rich payment options, while small businesses wanted improved integration with their general ledger and bookkeeping operations, Mr. Shah said. (See page 1A, paragraphs 4 and 5)	Now, when a Wells Fargo customer pays a bill online, the bank will send the payment request to one of several vendors, according to price. (See page 1B, paragraph 2) Wells' new system will keep all of the customer information and payment warehouse operations in-house and send a payment request to the lowest cost payment processor, according to Scharf. (See page 2B, paragraph 4)	Further, the Company completed its next generation of payment system products (InteliWorks™ CSP), which were designed to provide FI's with the ability to connect to payment switches, receive presented bills and pay bills in the least costly manner. InteliWorks™ CSP was certified with Spectrum, a payment switch established by JP Morgan Chase, Wells Fargo and Wachovia/First Union, in September 2001 and was the first such product to be certified. (See page 3, paragraph 7) -AND- The Interpose Payment Processor® is a comprehensive payment warehousing and routing solution designed to give the FI's control of their electronic bill payment program. Using Interpose, FI's can: mix-and-match multiple payment options and processors, offer customers a variety of interface options - scheduling and modifying payments from the PC,

Claimed Feature:	"Chase Pact Done, What's Next For Web Vendors" Article **(Appendix A)**	"Investors Worry That CheckFree Being Chased From Its Own Game" Article **(Appendix B)**	Intelidata Technologies Corporation - 2001 SEC Annual Report **(Appendix C)**
			Internet, or telephone, and warehouse bill payment information and mine customer data to expand relationships. (See page 7, lines 5-10)
b) communicating second information regarding at least one payee account;	The improved payment function, for instance, uses a computerized "routing engine" to find the cheapest and most effective way to deliver payments -- whether "on-us," through the automated clearing house system, or through outsourcers like CheckFree Corp. or Metavante Corp., a subsidiary of Marshall & Ilsley Corp. Regardless of the mechanism for a given payment, "as we do this, nowhere do we take away our ownership of the issue," Mr. Shah said. (See page 1A, paragraphs 7 and 8)	The new pact provides for per-transaction rather than per-customer fees and opens the whole system up to greater competition. Now, when a Wells Fargo customer pays a bill online, the bank will send the payment request to one of several vendors, according to price. And those vendors now include CheckFree rivals Mastercard and Metavante and even Wells Fargo itself. (See page 1B, paragraph 2 [the claimed "communicating second information" feature is necessary and inherent in Wells Fargo's system.]) Wells' new system will keep all of the customer information and payment warehouse operations in-house and send a payment request to the lowest cost payment processor, according to Scharf.	To achieve these savings, the FI's must utilize a Payment Warehouse, a biller directory and a Least Cost Routing™ gateway, all of which InteliData offers through a license arrangement or on an ASP environment. (See page 4, paragraph 1) -AND- The Interpose Payment Processor® is a comprehensive payment warehousing and routing solution designed to give the FI's control of their electronic bill payment program. Using Interpose, FI's can: mix-and-match multiple payment options and processors, offer customers a variety of interface options - scheduling and modifying payments from the PC, Internet, or telephone, and warehouse bill payment information and mine customer

Claimed Feature:	"Chase Pact Done, What's Next For Web Vendors" Article **(Appendix A)**	"Investors Worry That CheckFree Being Chased From Its Own Game" Article **(Appendix B)**	Intelidata Technologies Corporation - 2001 SEC Annual Report **(Appendix C)**
		(See page 2B, paragraph 4)	data to expand relationships. (See page 7, lines 5-10)
c) performing an optimization determination for a transaction from the at least one payment source; and d) selectably directing a transmission of funds from the at least one payment source to the at least one payee account based on the optimization determination.	The improved payment function, for instance, uses a computerized "routing engine" to find the cheapest and most effective way to deliver payments -- whether "on-us," through the automated clearing house system, or through outsourcers like CheckFree Corp. or Metavante Corp., a subsidiary of Marshall & Ilsley Corp. (See page 1A, paragraph 7)	The new pact provides for per-transaction rather than per-customer fees and opens the whole system up to greater competition. Now, when a Wells Fargo customer pays a bill online, the bank will send the payment request to one of several vendors, according to price. And those vendors now include CheckFree rivals Mastercard and Metavante and even Wells Fargo itself. (See page 1B, paragraph 2) Wells' new system will keep all of the customer information and payment warehouse operations in-house and send a payment request to the lowest cost payment processor, according to Scharf. (See page 2B, paragraph 4)	Banks who implement our system are able to use our Least Cost Routing™ capabilities to save a potentially significant amount on remittance expense. Transactions routed by our Least Cost Routing™ software to Spectrum or MasterCard RPPS should result in substantial savings compared to what the market currently charges for such transactions through other service providers. (See page 3, paragraph 8) -AND- The Interpose® Payment Warehouse provides a software solution to FI's that automates bill payment processing, while giving FI's the benefit of tracking payment activity and integrating delivery channels. The Interpose Payment Warehouse gives FI's the option of Least Cost Routing™. This enables FI's to outsource as much or as little of the electronic payment volume as they choose. This

Claimed Feature:	"Chase Pact Done, What's Next For Web Vendors" Article **(Appendix A)**	"Investors Worry That CheckFree Being Chased From Its Own Game" Article **(Appendix B)**	Intelidata Technologies Corporation - 2001 SEC Annual Report **(Appendix C)**
			permits FI's to … capitalize on Least Cost Routing™ of payments. (See page 6, last paragraph - page 7)